

Senate Hearings

Before the Committee on Appropriations

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Departments of Veterans Affairs and...

of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations

Fiscal Year 1994

103^d CONGRESS, FIRST SESSION

H.R. 2491

PART 2 (Pages 1-512)

COMMISSION ON NATIONAL AND COMMUNITY SERVICE
CONSUMER INFORMATION CENTER
CONSUMER PRODUCT SAFETY COMMISSION
DEPARTMENT OF VETERANS AFFAIRS
FEDERAL EMERGENCY MANAGEMENT AGENCY
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION
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**DEPARTMENTS OF VETERANS AFFAIRS AND
HOUSING AND URBAN DEVELOPMENT AND
INDEPENDENT AGENCIES APPROPRIATIONS
FOR FISCAL YEAR 1994**

HEARINGS

BEFORE A

**SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE
ONE HUNDRED THIRD CONGRESS**

FIRST SESSION

ON

H.R. 2491

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND FOR SUNDRY INDEPENDENT AGENCIES, BOARDS, COMMISSIONS, CORPORATIONS, AND OFFICES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1994, AND FOR OTHER PURPOSES

PART 2 (Pages 1-512)

**Commission on National and Community Service
Consumer Information Center
Consumer Product Safety Commission
Department of Veterans Affairs
Federal Emergency Management Agency
National Aeronautics and Space Administration
Neighborhood Reinvestment Corporation
Office of Consumer Affairs
Office of Science and Technology Policy
U.S. Court of Veterans Appeals**

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DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT AND INDEPENDENT AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1994

THURSDAY, MAY 6, 1993

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:12 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Barbara A. Mikulski (chair) presiding. Present: Senators Mikulski, D'Amato, and Nickles.

COMMISSION ON NATIONAL AND COMMUNITY SERVICE

STATEMENT OF CATHERINE MILTON, EXECUTIVE DIRECTOR

ACCOMPANIED BY:

RICHARD STAUFENBERGER, DEPUTY DIRECTOR

FRANCES HESSELBEIN, PRESIDENT AND CEO, DRUCKER FOUNDATION FOR NONPROFIT MANAGEMENT

OPENING STATEMENT OF SENATOR MIKULSKI

Senator MIKULSKI. The subcommittee will come to order.

Today, we consider the President's request to fund one of his boldest and most visionary domestic initiatives, the National Service Program. We do so on an historic day, for it is today that I introduce the President's national service legislation, the National Service Trust of 1993, joining with Senator Kennedy and others on a bipartisan basis to create a new opportunity structure for the people of the United States of America.

National service is indeed a unique social invention. It promotes help to those who practice self-help. It means to instill in all Americans, particularly young people, the ethic of service and personal responsibility, the need to give something back, and also to reward them for putting sweat equity in their own community.

It hopes that the goals of national service will show that for every right there is a responsibility, that for every opportunity that there is an obligation. And in that process, to rekindle the habits of the heart of young people and provide services into the community. For we know that in our society, where nonprofits flourish, society profits and all will benefit from it.

What I like about the national service endeavor is that it meets the compelling needs of many people. For young people who face the skyrocketing costs of higher education, this is an opportunity

tool, like night school and the GI bill that went before it, that will say, For your own sweat equity, we will reward your efforts with a voucher to help you reduce your student debt and to help you be able to pay down that first mortgage called your student loan.

And at the same time in working their own community, we know that they will deliver weekend meals on wheels, keeping older people at home and not going into high-priced nursing homes. We know that they will be able to build habitat for humanity, building housing and modernizing where it now does not exist.

We know that our high-technology graduates, working in Federal laboratories will be able to participate in the part-time model, stepping out of the laboratory, taking off their white coats, and reaching out to young people who might not have ever met a scientist, who might not think what a physicist is, and learn through a Saturday scholar program or a space scout program, what math and science means, so that our young people are reducing their debt by providing important role models and real opportunities to other generations.

We hope that national service will bring down the walls of intergenerational conflict that are growing. We know that in Germany a good bit of national service is devoted to primarily helping the elderly. And through national service, whether it is modernizing homes, doing chore service, weekend meals on wheels, we can help people stay in their best home—their own home.

This is what we think national service will do and we are looking forward to supporting President Clinton in that initiative. But we already have a corps component to it, and that is the National Commission on Community Service, from whom we will take testimony today. They have already been able to proceed to lay the groundwork for what will be President Clinton's National Trust endeavor.

We look forward to hearing their testimony so that we can understand how we can support the efforts of the National Commission in order to lay the groundwork for an expanded National Service Trust.

My own State of Maryland has developed a program coming from the national service, and we know what it already means in our community. Last fall's election has now brought to us a President who calls for a season of service. So, today, we begin deliberations on the budget request that will put all these hopes into action.

We welcome the Commission on National and Community Service. This Commission was born in 1990 through the National and Community Service Act. We appreciate the support that we received to pass the act. And it has worked over the last year and a half to show that the Federal Government can accomplish great things without large bureaucracies and fancy titles.

We welcome the Commission's Executive Director, Catherine Milton. We also know she is accompanied by Frances Hesselbein, the former CEO of Girl Scouts and now the head of the Drucker Foundation of Nonprofit Management, who has been one of the members of the Commission's board. And we also know we will be joined by Peter Edelman, counsel to the Secretary of Human Services, appearing on behalf of the Office of National Service.

Having said that, we welcome your participation in this hearing, and we will turn first to Catherine Milton.

[The statement follows:]

STATEMENT OF SENATOR MIKULSKI

The Subcommittee will come to order. Today we consider the President's request to fund one of his boldest and visionary domestic initiatives: National Service.

And we do so on a truly historic day. For it is today that Senator Kennedy and I, along with a bipartisan coalition in the Senate, introduce the President's National Service legislation, the National Service Trust Act of 1993.

National service is a social invention that promotes help to those who practice self-help. It is a means to instill in all Americans, particularly young people, the ethic of service and individual responsibility—the need to give something back to one's community.

It is a creative way to instill the values of hard work and helping one's neighbor—things that are at the heart of our country's best traditions—in a new generation of young people.

Young people who are often tuition poor because of the high Price of a college education. Young people exposed to drugs and violence in a way no generation in our nation's history has.

National Service is about helping the middle class. Those families where moms and dads work hard, but might not have enough money to pay the rent, provide food and clothing for their kids, and still send their teenage son or daughter to college.

This initiative is about saving yes to the kids who say no to drugs, no to teenage pregnancy, and no to violence. It is about instilling what de Tocqueville called the "habits of the heart" in a generation too often tempted by the narcissistic urges of today's pop culture.

My own state of Maryland has a deep and broad tradition of community service. It ranges from a strong base of community non-profit organizations in Baltimore, to high quality conservation—and civic organizations in every county in the State. It is a tradition of which I am proud. And which has taught me much about the value of service.

I have worked to bring about a plan for a broad national service program since I was first elected to the Senate in 1987. Working with my colleagues in the Democratic Leadership Council and a bipartisan majority of the Senate Labor Committee, we passed a modest national service demonstration program in 1990.

With last fall's election, however, we now have a President committed to National Service as a core component of his domestic agenda—who has called upon America's young people to join him in ushering in a "Season of Service".

So today we begin deliberations on the budget request which will put all of these hopes into action.

We begin by welcoming the Commission on National and Community Service. The Commission was born by the 1990 National and Community Service Act. Its work over the past year and a half proves that the Federal Government can accomplish great things without large bureaucracies and fancy titles.

We welcome the Commission's Executive Director, Catherine Milton. You have done an outstanding job, Ms. Milton, and we look forward to hearing from you.

We note that you're accompanied by Ms. Frances Hesselbein, former CEO of the Girl Scouts and now of the Drucker Foundation for Nonprofit Management. Ms. Hesselbein serves as one of the members of the Commission's bi-partisan Board of Directors.

The President is requesting a budget of just over \$77 million to continue the Commission's work in fiscal year 1994. We note, however, that the President's National Service legislation would incorporate the Commission into a successor organization—a new and expanded Corporation for National Service.

We look forward to your comments this morning. Next, we will hear more on the Corporation proposal from Peter Edelman, Counselor to the Secretary of Health and Human Services, appearing on behalf of the Office of National Service.

HISTORY OF THE COMMISSION

Ms. MILTON. Actually, if it is all right, I am going to ask Frances Hesselbein to make a few opening comments.

Ms. HESSELBEIN. Thank you, Madam Chair and members of the committee. I am Frances Hesselbein, president and CEO of the

Peter F. Drucker Foundation, and a board member of the Commission on National and Community Service. I am honored to appear before you today to testify on behalf of the Commission and to share with you my thoughts on the potential of national and community service.

A little over a year ago, a new, small Federal agency with a bipartisan board of directors met for the first time to attempt to fulfill our congressional mandate to renew the ethic of civic responsibility in our communities. This agency and this Board have made remarkable progress in building a system of service in our communities, in our States, and in the Nation.

Catherine Milton, our Executive Director, will speak to you about the specific activities of our first year and our plans for the next. And I would also like to say that as head of a private foundation, I have been deeply impressed by the creativity, the strategic vision, the entrepreneurial spirit, and the flexibility with which the Commission and its Board have met your challenge.

The Commission operates like a private foundation. It encourages and supports new approaches to stubborn community issues, releasing energy in the field, but not overpowering people with a heavy bureaucracy. And by supporting programs in primary and secondary schools, higher education institutions, youth corps, and other models of national and community service, the Commission serves as a center of energy for a national and community service movement that integrates community service into the fabric of every American's life.

IMPACT OF SERVICE

Only a community service movement that engages people through all the stages of their lives has a chance of transforming people and their communities, for transformation is what the excitement is all about. In serving, one not only meets an immediate, pressing community need, but one reconnected with one's community in a profound and personal way.

In serving, we ourselves are served.

And when a young person reaches out, for instance, and tutors a younger person who has difficulty reading, there is a multiplying effect. Yes; both the young person's reading ability improves, but something more is happening. They discover their worth to one another, their own self-worth, their importance in the community, and potential that never could have been revealed without that service.

So, service is individually transforming for both those who serve and those who are served. It transforms both in a wonderfully circular way.

By supporting individuals who serve, we are renewing and recreating an ethic of citizenship that will help rebuild our communities, town by town, city by city, State by State. Service may very well be this era's hopeful response to President Kennedy's challenge several generations ago: "Ask not what your country can do for you, but what you can do for your country."

I am grateful for the opportunity to speak before you today about our accomplishments and our hope for the future.

And now I am honored to present Catherine Milton, Executive Director of the Commission.

Thank you.

Senator MIKULSKI. Thank you very much, Ms. Hesselbein. I really want to thank you and other members of the Commission who helped launch the first phase of national service in this country. And without a dedicated Board who brought so much practical experience, we would have had a very difficult time moving on to the National Trust. And you, yourself, along with Father Byron of Catholic University, Patty Wells, associated with the Enterprise Foundation, and other nonprofit endeavors, were able to do that.

You, having been a former CEO of the Girl Scouts, and helping the Girl Scouts move into a contemporary mode for the last half of this century, now working with Peter Drucker, who is really America's guru on management, I thought brought to the Commission the best of understanding what the nonprofits were all about, and the best of management, so that we get all of our money's worth, with a small—not a big—a small agency, and where the money goes into service and not into fancy titles and thick carpets and mahogany paneling from a rain forest, which we would not approve of anyway.

So, we really thank you and we wish only good wishes for your continued work at the Drucker Foundation, as well as on the Commission.

Ms. HESSELBEIN. Thank you very much.

Ms. MILTON. Thank you very much.

Senator, I also would like to acknowledge and thank you for your vision, for the encouragement that you have given us in the past year, and for the fact that you were one of the ones to come up with the idea for having a Board that would help guide the Commission. And I want to second the remarks that you made in terms of the value that the Board with its members' varied backgrounds has added to the work that we have done.

So, thank you for your role in that process.

BUDGET REQUEST

I am here to support the administration's request on behalf of the Commission for fiscal year 1994 in the amount of \$77.5 million; \$75 million will be for the Commission's program and activities—

Senator MIKULSKI. Ms. Milton, would you pull your microphone closer to you.

Ms. MILTON. Sure.

A total of \$75 million will be for the Commission's programs and activities. Specifically, the Commission is requesting \$22.5 million for subtitle B (1) and (2) which are for school-age children in Serve America and college-age students in higher education innovative programs. We are also requesting \$22.5 million for subtitle C, which is the American Conservation and Youth Corps, and \$22 million for subtitle D, national and community service models.

In addition, the Commission would like to receive \$7.5 million for other activities, including evaluation and continuation of subtitle E: innovative programs, training, clearinghouse, coalition building, youth leadership, and Presidential awards, all of which are mandated by the statute.

For administrative costs, the Commission requests \$2.5 million. And I would like to emphasize that we have no plush carpets. We have the bare minimum, but we are doing well with it.

COMMISSION'S ACCOMPLISHMENTS

I would like to take just a few minutes to give you some highlights of what we did accomplish this past year, recognizing that this work that we have done has laid the foundation for the future of national service.

Using the criteria of quality, innovation, replicability, and sustainability, the Board of the Commission has identified programs that they thought needed to be funded and which had the potential to serve as models for other programs.

SERVE AMERICA

In Serve America, we have been working with school districts and community-based organizations to involve school-age children in community service. And the Board feels very strongly that it is important for children to start community service—to be introduced to the idea of community service—at a very early age.

Through the work that we have done, we have been able to implement service learning as a technique that is used in classrooms across the country.

For example, in Washington State, we are funding a program in one school where every classroom has now integrated community service into its curriculum. The school has fourth graders tutoring first graders and fifth graders working with children who are having problems learning English, to the point where the entire school is involved on a daily basis in community service.

At this point, our evaluation information is still coming in from the field, and having heard from only one-half of the programs when the evaluation report was written, we can say that we are funding over 600 programs involving at least 130,000 elementary and secondary school students in the area of service learning.

HIGHER EDUCATION PROGRAMS

In the higher education innovative program grants, we are working with colleges and universities to integrate service learning into the classrooms and to actually do community service work. With \$5.1 million in 58 grants, we now know that there are at least 58,000 participants who are involved in activities that the Commission is funding. And this averages out to a cost of \$90 per participant.

About 80 percent of the grantees are now doing peer counseling, literacy training, and intergenerational programs. These programs directly impact the lives of the young participant and the people in their communities.

For example, in California, students at the California Polytechnic State University are working with students at the local community college in a conservation corps to help improve the plight of those living in a public housing area near there. They are not only doing renovation work, but they are also tutoring the young children who live in that area.

YOUTH CORPS

In subtitle C, the American Conservation Youth Service Corps, we are using funds to actually create and support youth corps around the country. With \$20 million, we are supporting programs in 24 States and six Indian tribes. As a result of our funding, we have 50 new youth corps that have been started and 30 that have been expanded that otherwise would not have been.

We estimate that there are at least 11,600 young people who are now participating in youth corps who would not have been able to without the support of Commission funds.

About one-half of the grantees reported that their work is in the conservation area; the other one-half is in the human services area, where they are tutoring and working in day care centers.

NATIONAL SERVICE DEMONSTRATION PROJECTS

We also are funding, in subtitle D, the national service demonstration projects, which I know you have been particularly interested in and have helped to guide. We are funding several models with the potential to grow into large-scale national service programs, which is very important now that we hope to expand national service. These programs involve young people 17 years and older and working either full or part time in national service.

For example, one of the programs that has been created is called the Delta Service Corps, which does work in three States—Mississippi, Louisiana and Arkansas. They now have 500 full- or part-time participants who are working in 132 counties in the three States. And they are working on issues that the communities have identified as important. They are providing housing by rehabilitating housing units. They are providing nutritional education. And they are working with low-income families by helping to teach reading and writing to children and their parents.

We also have a model national service program, as you are aware, called Volunteer Maryland. This program uses both full- and part-time volunteer coordinators and places them in community-based organizations. The theory is that they will be able to help nonprofit organizations use more volunteers, thereby helping communities.

INNOVATIVE PROGRAMS

We have also made significant progress in our other programs. Subtitle E has innovative and demonstration programs in five different areas, including rural youth, employer-based retiree programs, and Governor's innovative programs. We have made grants in all of these areas.

We have also made considerable progress in the area of evaluation by identifying and hiring a national evaluator, and we are working closely with him.

We have made considerable progress in the area of training, technical assistance, and the clearinghouse. The Board has just recently gone through a new strategic planning session. As you know, we are in the process of developing a strategic plan. We have identified two major priorities for the coming year, one of which is to

continue to work to ensure that the programs that are developed are quality programs.

We know that if programs are not deemed to be high quality by both participants and communities in which they live, national service will not be able to be truly woven into the fabric of life. We also know that there needs to be considerable work done on program infrastructure so that there will be people out there who are leaders and who will be able to work effectively on a day-by-day basis to make sure these programs succeed.

Finally, I just wanted to mention the fact that the Commission did write an annual report, which we presented to Congress, using the title from President Kennedy, "What You Can Do for Your Country." We spent considerable time doing fieldwork and conducting national hearings for the report. We identified several major factors that we think are important for the future of national service.

We think that full-time participation should be voluntary, not mandatory. We think that the Federal role should be to support service initiatives not control them. We think there should be a matching of Federal money with private money. We think that in the service effort there should be an emphasis on education.

Again, in conclusion, I want to thank you and thank other members for the support they have given. And I am pleased to answer any questions.

And Dick Staufenberger, who is the Deputy Director of the Commission, is also prepared to answer questions. But I will now turn it over.

[The statement follows:]

STATEMENT OF CATHERINE MILTON

INTRODUCTION

I am honored to appear before you today to testify on behalf of the Commission on National and Community Service. The Commission was created by the National and Community Service Act of 1990 to provide program funds, training and technical assistance to states and communities to develop and expand service opportunities. Through this legislation, the Commission supports national and community service initiatives that have the potential to engage millions of Americans, especially young people, in helping to solve the many problems facing our country.

BUDGET REQUEST

I am here to support the Administration's request on behalf of the Commission for FY94 in the amount of \$77,490,000.

\$74,971,000 will be for the Commission's programs and activities. The Commission plans to continue to support its four major program areas. Specifically, the Commission is requesting \$22,491,300 for Subtitle B1 (Serve-America) and B2 (Higher Education Innovative Projects); \$22,491,300 for Subtitle C (American Conservation and Youth Service Corps); and \$22,491,300 for Subtitle D (National and Community Service Models).

In addition, the Commission will provide \$7,497,100 for evaluation of the grant programs (approximately \$2.04 million); the continuation of five Subtitle E programs (\$1.36 million); the Commission's knowledge transfer program, which includes the national clearinghouse called for by the Act (\$1.78 million); a coalition building program (\$1.78 million); and youth leadership development activities and the Presidential awards (\$.54 million).

For administrative costs, the Commission requests \$2,519,000.

BACKGROUND ON COMMISSION

As you know, the 1990 Act's purposes and the charge given the Commission are impressive. The main purpose of the Commission is to carry out the goals set forth in the National and Community Service Act, which are to:

- Renew the ethic of civic responsibility in the United States by encouraging citizens, regardless of age, income or ability, to engage in full-or part-time service to the nation;
- Involve young people in programs that will both benefit the nation and improve participants' lives;
- Enable young adults to make a sustained commitment to service by removing the barriers created by high education costs, loan indebtedness and the cost of housing;
- Build on the network of existing federal, state and local programs and agencies to expand full-time and part-time service opportunities for all citizens, particularly youth and older Americans;
- Involve participants in activities that would not otherwise be performed by paid workers;
- Generate additional volunteer service hours to help meet unmet human, educational, environmental, and public safety needs, particularly those relating to poverty.

Commission strategy

The work of the Commission is weaving service into the fabric of American life and culture. At the outset, the Commission adopted a strategic vision which committed us to the pursuit of three major strategies: Encourage model programs of community service; stimulate and guide the development of infrastructure; and provide visionary, coalition building leadership.

While most of the effort to date has been on models, the Commission's work in the next year will emphasize developing the infrastructure (training, technical assistance, evaluation) and developing high quality programs.

COMMISSION'S FOUR MAJOR PROGRAM AREAS AND ACTIVITY TO DATE

The Commission has been in existence since September 1991, when its 21-member Board of Directors, appointed by the President and confirmed by the Senate, met for the first time.

To date, the Commission has awarded a total of \$63 million in 153 grants in nearly every state. The grants range in size from \$7,000 to \$3.5 million. Currently, the Commission is reviewing proposals for its second round of funding. FY93 program awards will be announced in May.

Before being approved by the Commission's Board of Directors, each grant application is reviewed by an outside peer review panel according to four basic criteria: quality, innovation, replicability, and potential for sustainability without federal funds. These criteria form the foundation for creating an effective national and community service network that both meets the nation's critical social needs and builds the ethic of service for tomorrow's citizens.

Fiscal year 1992

Subtitle B1: Serve-America grants support programs sponsored by schools or community-based agencies to involve school-age youth in service to the community and to involve adult volunteers in the schools. The focus of Serve-America is to build a sound foundation for service-learning in the curriculum of every school in America. Service-learning is a term used to describe an educational process that combines academic work with service. Students learn by doing through a clear application of skills and knowledge while addressing needs in their school or community.

In fiscal year 1992 the Commission awarded 57 Serve-America grants totaling \$16.3 million to help fund community service programs in 47 states, Puerto Rico, and the District of Columbia. In addition, five local nonprofit organizations in Alaska and Connecticut and three Indian Tribes received Commission grants. These awards ranged from under \$7,000 to over \$1.6 million. In most cases, state education agencies provide subgrants to local school districts and community based organizations. Following are highlights of the first Serve-America grant cycle:

Serve-America subgrants

According to preliminary data collected by the Commission's evaluation, by the end of 1992 over 600 subgrants to local entities had been made. More than 138,000 young people are expected to participate in these projects. These numbers are drawn from reports submitted by an estimated 40 to 50 percent of local subgrantees, there-

fore it is reasonable to assume that these figures might double. However, because many grantees were in the midst of their subgranting processes during the survey and could not provide complete information, the early data should be treated with extreme caution.

Based on the subgrantee survey, 65 percent of Serve-America participants are involved in school-based programs; 19 percent in community-based programs; and 13 percent are found in Adult Volunteer and Partnership projects. The average program size is 330 participants, and the average subgrant amount is approximately \$12,000.

Examples of Serve-America projects include:

Philadelphia Public Schools, Philadelphia, PA.—Nine of Philadelphia's high schools have developed a literacy program which places high school seniors who read below grade level in elementary schools as reading tutors for primary grade youngsters who are struggling with their own reading problems. The schools report that the tutoring has made better readers of both the seniors and the children, but also has enhanced students' self-esteem and optimism. Many of the tutors are now considering college and some plan to pursue teaching careers.

Washington Elementary School, Mount Vernon, WA.—In a school where one third of its students have been identified as "at risk", one-half are poor enough to qualify for a free lunch, and one-third are migrant workers, service-learning is revolutionizing the curriculum. All fourth graders are paired off with individual younger students whom they tutor in reading. In every classroom, there is a service project associated with each academic unit. Out on the playground, the peace is kept by student "conflict managers"—students who have been elected by their peers as the best people to see if there is a problem.

1992 leader State field enhancement activities. Based on the high quality of their Serve-America proposals, eight states were designated "Leader States" and received a share of \$1.2 million for expansion of service-learning activities within their states and activities that would enhance the field nationwide. Current Leader States are Colorado, the District of Columbia, Maryland, Minnesota, Pennsylvania, South Carolina, Vermont and West Virginia. The following summaries provide an indication of the types of field enhancement activities currently underway:

Colorado.—Goals for Colorado's Leader State program include enhancement of the Interdisciplinary Resource Center at the University of Northern Colorado, and linking service-learning with Carnegie's Turning Points Initiative and three other education reform efforts. In addition to providing technical assistance to other States in the Western region, Colorado is developing "How to" manuals on implementing service-learning in middle schools and performance-based assessment strategies.

Pennsylvania.—During 1992 and early 1993, Pennsylvania provided training to over 1,000 teachers, published their first state-wide journal of service-learning and published a kit of curriculum guides and a Regional Teacher Service-learning network guide. Pennsylvania is currently offering "for credit" graduate and undergraduate courses in service-learning through Penn State.

Subtitle B2: Higher Education Innovative Project grants help colleges and universities explore new ways to integrate service into the college curriculum, and support model community service projects on campus, including those that link college community service with other service programs.

In fiscal year 1992, the Commission awarded approximately \$5.1 million in 58 grants for Higher Education Innovative Projects. Some of the grants directly support programs at individual institutions of higher education, whereas others were awarded to national, topical or state-level consortia which then subgrant to individual institutions.

The following is a limited but interesting picture of the higher education grantees in the fourth quarter of calendar year 1992.

Overall distribution of higher education grants.—58 grants ranging in size from \$15,000 to \$500,000 with a mean of \$90,754; subgrants, however, range in size from \$665 to \$75,000. Commission-funded programs will engage about 58,000 participants in all, for an average per participant cost of less than \$90.

Types of grant recipients.—17 percent of Higher Education Grants made to state agencies; 56 percent went directly to four-year colleges and universities, divided equally between public and private schools; 140 percent went to consortia of colleges; 3 percent went to two-year colleges; 2 percent went to professional schools (one grant); 9 percent of the grants went to a variety of other institutions, including an Indian tribe, a housing authority, and 3 nonprofit organizations.

Participants.—All grantees target college students as participants; however, substantial numbers of grantees also targeted other groups or particular subsets of college students as participants: teachers, school personnel and administrators (20 percent); adult volunteers (20 percent); minority groups (16 percent); high school stu-

dents (9 percent); "nontraditional" post-secondary school students (7 percent); personnel, members and clients of community-based organizations (7 percent). Subgranting organizations were more likely to target minorities, "nontraditional" post-secondary school students, at-risk youth, and economically disadvantaged people as participants.

Core activities of grantees.—79 percent of grantees are engaged in tutoring, peer counseling, mentoring, literacy training, and/or intergenerational understanding programs; 25 percent are engaged in some form of service-learning curriculum development; 27 percent are assisting nonprofit social service agencies; 16 percent are working with children in Head Start, day care, and related preschool efforts; 7 percent are assisting elderly and homeless people; only 3 grantees are engaged in environmental work. Of the 47 grantees that were able to answer the question, 28 percent of the programs placed participants in individual service, 30 percent in team-based service activities, and approximately 43 percent used a combination approach.

Course credit and stipends.—63 percent of the grantees will offer course credit for one or more of their community service activities. 32 percent of the grantees provide stipends for one or more of their projects.

Examples of Higher Ed Programs include:

University of North Alabama pairs single mothers in its school of social work with single mothers on public assistance in the surrounding community.

Clark Atlanta University is incorporating service-learning into core undergraduate and graduate curricula.

California Poly State University is collaborating with a community college and a conservation corps to improve a public housing project and tutor children in the complex.

Subtitle C: American Conservation and Youth Service Corps programs provide resources to create or expand year-round or summer youth corps. Through corps, teenagers and young adults serve and receive job and skills training, a living allowance and post service benefits. The Commission has awarded \$20.5 million to youth service and conservation corps in 24 states and localities and six Indian tribes.

In addition, pursuant to Subtitle C's Federal Disaster Relief provision, the Commission awarded a \$1 million grant to the Los Angeles Conservation Corps to assist the corps in addressing the underlying causes of the April 1992 riots. The Commission also committed to award \$125,000 out of fiscal year 1992 funds and \$500,000 out of fiscal year 1993 funds to the Greater Miami Service Corps to assist the corps in rebuilding the areas affected by Hurricane Andrew.

The results of the Commission's preliminary grantee census confirms that enrollment in Subtitle C programs began soon after the Commission awarded the grants (particularly in summer corps programs) and most of the grantees enrolled participants by the beginning of calendar year 1993. Delays in implementation were largely connected with grantees that planned to subgrant funds.

The following are key characteristics of Subtitle C grantees identified by the preliminary census: Over 50 new corps have been created; approximately 30 corps have been expanded; about one-third of the 30 expanded programs have a residential component. State corps operate seven of the ten residential programs; year-round corps average between six months and a year, with one grantee reporting that participation could extend to 18 months; only about one-quarter of the grantees will use the funds exclusively to expand existing programs. All of the remaining grantees will use at least part of the funds to implement new programs; half of the state corps programs project fewer than 75 corpsmembers. Locally-operated programs project a median enrollment of 80 corpsmembers; the average living allowance for state corps programs is \$3.85 per hour, for local corps it is \$4.16 per hour; post-service benefits for state corps programs average \$2,342, while they only average \$750 for local programs; and over half of the grantees reported activities focused on conservation-related work and the rehabilitation or preservation of public facilities and sites. Another common service activity focused on the provision of service to individuals in medical and other institutions such as day care centers and libraries.

The following are examples of the activities of a few of the subgrantees:

The Amerasian service team of the Washington Service Corps are all children of American soldier fathers and Asian mothers. Outcasts in the land of their birth, they have recently arrived in this country under a special Act of Congress. This project will introduce them to the tradition of community service and the profession of social work. Team members will work in a variety of activities including staffing a drop-in center for Amerasian refugees, resettling newly arrived refugees, teaching English conversation classes and coordinating support groups, including counseling, social activities and outreach to new refugee arrivals.

The New Orleans Youth Action Corp's, a partnership of the Audubon Institute of New Orleans and the Nature Conservancy, is developing an environmental service

corps of racially and socio-economically diverse youth. The corps will challenge young people to redefine the needs of the "urban environment." Corpsmembers will address the human and physical environmental needs of the city by performing conservation, education, art, and social service projects. Projects will include: working with a neighborhood to set up a community recycling program, planting wildlife corridors of trees and plants on the city river banks, and creating public art such as murals and sculptures out of trash and recyclable materials.

The Milwaukee Community Service Corp's works on projects in urban revitalization, urban conservation, human services, and the arts. Corpsmembers are rebuilding and renovating a neighborhood theater, renovating homes, landscaping a homeless shelter, tutoring students in the Milwaukee Public Schools. The work is not just about physical urban renewal, but educational—corpsmembers are tutoring in the public schools, and inspirational—corpsmembers are marketing, designing costumes, and sets for the Milwaukee Repertory Theater.

Subtitle D: National Service Demonstration Project grants provide funding to identify, support and evaluate models of potentially large-scale national service programs. They involve people 17 years and older in full-or part-time service in exchange for educational and housing benefits. (For example, one of the programs is the highly-visible City Year, a Boston-based urban youth corps program which President Clinton visited.)

The Commission has funded seven national service models at a cost totaling \$20.1 million:

One-year awards

Arkansas-Mississippi-Louisiana, Delta Service Corps	\$3,400,000
Georgia, Georgia Peach Corps	2,300,000
Maryland, Volunteer Maryland	1,200,000
Oklahoma, Health Careers Program	225,000

Two-year awards with two-year totals

Massachusetts, City Year	\$7,000,000
Pennsylvania, Pennsylvania Service Corps	5,800,000
Seneca Nation, Language Link Project	200,000

Planning grants

New Jersey, Urban School Service Corps	\$150,000
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Following are highlights from two model national service demonstration programs:

A model national service program is Volunteer Maryland.—A key goal for this model is to engage full-and part-time volunteer coordinators in community-based organizations throughout the state, both enabling agencies to better fulfill their missions through volunteer efforts and providing expanded service opportunities to the citizens of Maryland. Volunteer Maryland! proposes bringing the multiplier effect to community service by calling thousands of Marylanders to service as well as revitalizing the spirit and ethic of service to the community.

Unlike the Delta Service Corps, volunteer coordinators are placed within host sites in combinations of full-and part-time participants who will not be performing direct, hands-on service in most cases, but rather will be organizing non-participant volunteers to perform critical needed services. The hypothesis is that every day citizens want to volunteer, but don't know how or where. Similarly, community-based organizations need volunteers but don't know how to train them, organize them and place them adequately. Volunteer Maryland participants will fill that gap. Each team will be charged with the goal of recruiting volunteers to address a plethora of needs identified by the community.

To achieve its vision, Volunteer Maryland has proposed a bold training program for both participants (who are centrally trained through the state office) and for the placement sites (i.e., the CBOs). During a 21 day pre-service training in January, participants were trained in volunteer management, community resource assessment, and leadership development to assist the host organizations in the development of long-term, sustainable plans and infrastructure to support the continued participation of Maryland volunteers long after the Volunteer Maryland team has left. Participants were also exposed to outward bound, personal development and service-learning training seminars. In addition to the pre-service training session, coordinators will participate in over 15 tri-weekly training meetings and seminars (which will bring several teams together at once for reflection and group discussion). Additionally, each Volunteer Maryland team will be assigned a "service mentor"

who will work with the team throughout the project and can advise on their annual signature service project.

Another model of national service is the Delta Service Corps.—This program is unique in that it involves people of all ages in service and operates in three states.

The Commission awarded the Delta Corps \$3.4 million last June and by December the project was placing people of all ages in service to communities in the Mississippi Delta region of Arkansas, Louisiana and Mississippi.

Over the next year, up to 500 full- and part-time participants will provide service to 132 counties throughout the Delta region, addressing local human service, public safety and environmental needs identified by the Lower Mississippi Delta Development Commission. Unlike City Year, which places young people in team-based service projects, Delta participants are placed individually in public, non-profit and community-based organizations in counties and parishes throughout the Delta.

Following a common, group training, DSC participants are placed in their host-sites doing a wide array of service activities. For example, DSC participants are presently engaged in efforts to rehabilitate and provide housing for low-income families, providing nutritional education and awareness programs for low-income families, and teaching adult and family literacy classes in community centers. Despite their individualized assignments, DSC participants are part of a larger county or parish team structure that ensures that they have opportunities not only to learn from one another and reflect on their work, but to participate in the design and delivery of a team "signature project" for the county or parish. The program also provides opportunities for participants in all three states to meet through DSC conferences and training workshops.

Fiscal year 1993.—For fiscal year 1993, Congress appropriated \$75.5 million to support the Commission's programs and activities. The bulk of program funds will be awarded in May and June to support the continuation of existing programs that were approved in fiscal year 1992, with only a small portion of funds to support new grantees. There are three reasons for this strategy: (1) It supports the Commission's goal to strengthen and enhance the field by investing in the development of high quality programs. Additional funds to first year programs will provide for the technical assistance and training for programs to become effective, large-scale models; (2) many of the fiscal year 1992 funded programs are still in the developmental stage; and (3) the Act requires the Commission to evaluate the effectiveness of its programs, which, in turn, requires that grantees be funded beyond the first year to obtain relevant and vital evaluation data.

COMMISSION'S ADDITIONAL ACTIVITY

The Commission has made steady progress over the past year in following its strategic vision and supporting its three major strategies. In addition to its grants program activity, the Commission has begun and accomplished a number of other endeavors including: First annual report; evaluation; training and technical assistance; Civilian Community Corps; HUD Urban Revitalization Demonstration (URD) Program; President's Youth Service Awards; and summer of service.

First annual report

The Commission presented its first report to Congress and the President in January. The 130-page publication, "What You Can Do for Your Country," is serving as a blueprint for designing national and community service programs across the country. The report also serves as an outline for the future of national service, providing specific recommendations for developing national service without creating a new large federal bureaucracy.

The Commission, which spent over a year evaluating and funding state and local community service programs, developed its report by drawing on expertise of its board of directors, extensive field visits, and by conducting hearings across the nation to hear from policy makers, program coordinators and other service participants on national service.

In its report, the Commission says that the most effective way to develop national service is to build on existing state and local networks and avoid creating a massive federal bureaucracy. Other major recommendations say:

- Participation should be voluntary rather than mandatory.
- The federal role should be to support, not to control, service initiatives.
- Service efforts should be made stronger, especially in the education arena.
- Service efforts should provide needed services not otherwise provided so they would not displace currently employed workers.
- The federal government should fund only a portion of each program.
- Local programs should compete for volunteers and funds.

Evaluation

In accordance with the Act, the Commission has begun action on plans for evaluating programs in all subtitle areas, with special emphasis on the models for national service under Subtitle D.

Evaluation is central not only to the Commission's overall strategy for supporting high quality, replicable models, but also is essential to our success in demonstrating the important impacts service can have on both participants and the communities in which the service is performed.

All Commission grantees receiving at least \$50,000 are required to report on the following four issues: (1) participant demographics and motivations. What are the characteristics of people who serve? Why do they serve? (2) service activities. What are the characteristics of service activities that work well? (3) impact on participants. How are participants' skills, behaviors, and attitudes affected by their service? and (4) impact on communities. How does service benefit recipients, the institutions through which participants serve, and communities as a whole? Are services provided in the communities that need them most?

Training and technical assistance

One of the most important factors in developing a national and community service infrastructure is the provision of training and technical assistance.

Training.—There is immediate and long-term need for training throughout the field so that programs can bypass trial and error as much as possible and ensure that best practices are known and spread from one project to the next.

The Commission is developing plans for training and sees this as a broad category of activity that ranges from the training and development of program leaders to middle managers to participants. Some training will be specific to certain types of programs or participants, while other types, such as leadership development and general management, will be widely applicable.

There are two general audiences for training and the needs of each are unique. These two audiences are program participants and program directors.

At the most basic level, training for program participants should orient and prepare participants to perform useful service as well as to gain self-understanding, a sense of civic responsibility, and knowledge as a result of their community service experience. This involves team-building, an understanding of community, conflict resolution, multicultural understanding, substantive knowledge of service issue areas and the communities being served, opportunities for personal reflection, exploration and leadership development, etc.

Program directors need to have the orientation, skills and knowledge to develop the types of service programs that fulfill both the needs of participants and the community being served. At a leadership development working session convened by the Commission in February, several training needs were identified: technical/managerial; multiculturalism; youth development; service-learning and civic education, and community collaboration. These are broad content areas and a great deal of thought will go into formulating the intellectual substance and conceptual framework—the content and approach of leadership development training.

The Commission is currently developing a national model of leadership training as a part of the new Summer of Service program. The Summer of Service Leadership Development Program is designed to heighten the impact that participants will have on their communities this summer and to ensure that participants will become the future leaders of the national and community service network. Representatives of a number of organizations have been involved in the development of this model program including the Department of Defense, the Peace Corps, Outward Bound, the Black Student Leadership Network, the Children's Defense Fund, and City Year. The work on the development of training for national service will be a major program emphasis for the Commission in fiscal year 1994.

Technical assistance/clearinghouse.—The Commission identified the K-12 network as the most in need of technical assistance and resource development. The Clearinghouse will be the central element of the Commission's K-12 knowledge transfer/technical assistance delivery system. As a major disseminator of materials and technical advice on K-12 service-learning programs and practices, the Clearinghouse will serve a diverse audience of educators and administrators, community based organizations, state and local officials, schools of education, and the general public. A project solicitation for the Clearinghouse was issued in December 1992, and since that time, the Commission has been engaged in a competitive review process. As a result of the peer review process and site visits, the staff recommends the Clearinghouse proposal submitted by the National Youth Leadership Council. The project would receive \$2 million over a three-year period.

Civilian Community Corps

In the 1992 Defense reauthorization bill, an amendment created a new national service initiative relating to the Commission. The Civilian Community Corps (\$20 million) will be a federally operated, residentially based full time corps program that utilizes closed military bases and released and retired military personnel to assist in defense downsizing and economic conversion. The Commission is awaiting the transfer of the funds for this program from the Department of Defense (DOD) occurred in late April. The Commission has begun the planning for that initiative and expects to have an operational corps later in the year.

The measure also provided an additional \$20 million to the Commission for use in its existing subtitles.

HUD Urban Revitalization Demonstration (URD) Program

In its 1993 appropriations, HUD will now include a community service component as a requirement of its new revitalization program for severely distressed or obsolete public housing developments. The URD program will award a maximum of 15 grants for a total of \$300 million—up to 20 percent of which will be used for the community service projects and support services (child care, job training, etc.). Service programs may be designed to meet community needs such as crime prevention, victim assistance, drug abatement, and after school programs. The Commission's role has been to work with HUD to establish the community service guidelines that public housing authorities must meet. The Commission will also approve the community service component of each application for funding before funds are released to the housing authorities.

President's Youth Service Awards

To highlight the energy and dedication of young people engaged in national and community service, the Commission on National and Community Service sponsors the President's Youth Service Awards. The program, authorized by Congress through the Commission's enabling legislation, and created by an Executive Order issued by the President, is a joint effort of the Commission, the White House Office of National Service, the Points of Light Foundation, and the American Institute for Public Service (the Jefferson Awards).

The program is modeled after the President's Physical Fitness Awards, and will honor thousands of young people, ages five through 22, at the grassroots level. All local organizations are eligible to select winners of the President's Youth Service Awards. Schools and universities, places of worship, government agencies, nonprofit organizations, businesses, labor unions, clubs and neighborhood groups—all organizations are authorized to form selection committees to identify winners. Selection committees are asked to provide information about each winner to the awards program including what kind of service the winner has done and in which congressional district each winner resides. For a very nominal fee, the awards program then mails to the local award sponsor President's Youth Service Award certificates and pins. Each member of Congress is then notified of the winners in their district and invited to send a congratulatory letter to the winners—indeed many of you may already have received this information.

This year, with the awards program up and running less than six months, local selection committees have already identified over five thousand winners.

Summer of Service

The Summer of Service is a new national service program that will engage more than 1,500 young people aged 17 to 25 in directly serving the education, health, public safety and environmental needs of at risk children in eleven urban and rural locations across the country. Designed as a first step toward President Clinton's vision of a national service network, the Summer of Service will demonstrate the potential of national service to provide tangible and measurable community benefits, to develop leaders for the national and community service movement, and to unleash the talents and energies of young Americans.

The Commission is directing this new program and is announcing the programs who will receive funding this week.

CONCLUSION

The Commission looks forward to working with Congress and the Administration in developing and expanding the opportunity for every individual, young and old, to serve. The Commission anticipates the introduction of legislation outlining the President's vision of national service, the National Service Trust Act of 1993 and supports the national service network which builds the ethic of service for all Americans.

Senator MIKULSKI. First, I want to note the presence of Senator Don Nickles of Oklahoma, an active participant of this subcommittee. And after you finish Mr. Edelman, before we go to questions, we will ask Senator Nickles if he has an opening statement.

But, please proceed.

WHITE HOUSE OFFICE OF NATIONAL SERVICE

STATEMENT OF PETER B. EDELMAN, COUNSELOR TO THE SECRETARY, DEPARTMENT OF HEALTH AND HUMAN SERVICES, AND SENIOR ADVISOR, WHITE HOUSE OFFICE OF NATIONAL SERVICE

Mr. EDELMAN. Thank you, Madam Chair, Senator Nickles.

I am pleased to be here today representing the White House Office of National Service.

On a personal level, for me, this is a thrilling and exciting day. As you noted, Madam Chair, it is a triple-play day, because the legislation, as you indicated, with your significant involvement, is being introduced today. The Summer of Service grants were made today—Ms. Milton had a press conference this morning—which we think is a very exciting opening of this new chapter in national service. And of course, these hearings themselves are very, very important.

I also think that being here with my major role in this administration being Counselor to the Secretary of Health and Human Services is important because President Clinton is committed to the idea of an ethic of service which will extend throughout the Government, and to involving the Cabinet departments and the independent agencies in service activities as well. So that I think my presence, representing the White House, is a symbolic identification with that commitment.

PRESIDENT'S CALL FOR ETHIC OF SERVICE

Indeed, President Clinton's call for a new ethic of service really marks all of this as a signature item for his administration. The response around the country has just been overwhelming. I think he has really struck a resonating chord with the American people, who are ready, especially young people, but people of all ages, who are ready to give something back to our great country, to take individual responsibility for playing a role in solving our national problems.

We have had a major resurgence, with the leadership of people in this room, but coming from the grassroots, in the last years about community and national service. The National and Community Service Act was a *sine qua non* in building toward the President's proposal. And the manifest interest of literally thousands of young people on college campuses and in communities around the country and others of all ages is a clear building block for what we are here today to talk about.

The transition from President Clinton's prophecy to program is going to begin this summer, with the Summer of Service, and I am very excited about that. We will have around 1,500 young people from all kinds of backgrounds all over America working on a shared theme of children at risk. And I think it will create some

immediate and important visibility for the larger long-term program, which we hope will get underway next year.

The legislation which, as we have noted, is being introduced today—the President of course unveiled it last Friday in his speech in New Orleans—is going to offer literally hundreds of thousands of young people help paying for school in return for work that our country needs. And it is designed so that it will not create a big bureaucracy. It will rely very much on local initiative, very much on giving programs and people the flexibility to meet the goals.

PROGRAM DIVERSITY

The program reflects the total commitment to diversity—diversity of race and ethnicity, urban and rural, age, and gender—especially economic diversity. Under the program, Americans will be able to participate at any time in their adult lives before or after they go to college, or, indeed, if they are not headed for college. And that is very important. A full three-dimensional range is contemplated. And it contemplates full- and/or part-time service.

At the end of a year of full-time service, an individual would receive a \$5,000 education award either to be used prospectively or as loan forgiveness; 2 years of service would lead, therefore, to a total of \$10,000 in an educational award, and usable for the full range of postsecondary programs, whether it be graduate school, whether it be college, whether it be job training—or taking it the other way around, job training, college, graduate school—the full range.

And the contemplated service is broadly defined—education, human needs, the environment, public safety—very broadly defined. Within these rubrics, the roles really can be as broad as grassroots ingenuity in our great Nation can make them. It is very, very broad.

You listed, Madam Chair, in your opening statement many possibilities. I have some in my prepared text, but the list literally goes on and on of possibilities.

PROGRAM GUIDELINES

Now, there is a lot of flexibility in developing service programs, but there is clarity about what the programs have to do. They have to meet community needs. They have to improve the lives of participants. They may not displace existing workers.

Every project has to meet quality standards, develop performance goals, and undergo independent evaluation. The programs are going to be selected on a competitive basis at both the Federal and the State level. Nobody is ever going to be guaranteed any Federal money. Programs have to compete.

So the initiative is designed to support what works best at meeting our country's most pressing needs.

The same spirit will be built into a new Federal Corporation for National Service, which will combine two existing Government agencies—the Commission on National and Community Service, which has done such an outstanding job in such a short time, and the ACTION agency, which contains the programs which are so im-

portant and so respected, VISTA and the senior citizens volunteer programs which, of course, will continue under this initiative.

There will be flexible personnel policies, a bipartisan Board, so the Corporation can focus on a mission of supporting superb service.

The funding which we are asking for, for the new initiative for fiscal year 1994 is proposed to begin at \$389 million. We estimate this will allow 25,000 young people to participate. We want the program to grow at the best pace, not necessarily the fastest. We have projected and we would hope that we will be successful and that we will be able to involve about 150,000 participants by fiscal year 1997.

But, indeed, the legislation which is being introduced reflects our interest in proceeding at an optimum rather than a prescribed pace by requesting, "such sums as may be appropriated," rather than specific amounts for the out years.

PRESIDENT'S SUPPORT FOR THE NATIONAL SERVICE ACT

I want to stress that the act reflects the President's support, which I know you share, Madam Chair, for service by all Americans at all ages in all forms. As you have heard from Catherine Milton, it builds on and it strengthens the K through 12 service learning provisions in the current National and Community Service Act. It supports and increases the older American volunteer programs and the VISTA Program, which have done such good work for so many years. And the act will reauthorize the Civilian Community Corps and the Points of Light Foundation.

We really hope that there will be a multiplier effect, that this will inspire an ethic of service in Americans of all ages and political beliefs. The President's hope is that Americans everywhere will be inspired to contribute and take a measure of personal responsibility for addressing our pressing national problems.

This really is a fulfilling moment for all of us who have dreamed about the possibility of a real commitment to national and community service in our great country.

Thank you for the chance to share these thoughts with you today.

[The statement follows:]

STATEMENT OF PETER B. EDELMAN

Madam Chair and members of the subcommittee, thank you for the opportunity to testify today. I am here representing the White House Office of National Service. This is an exciting time for all of us who have hoped and worked for a major national service initiative for such a long time, and I am personally pleased to have the chance to appear before you. This Committee has shown such important leadership in this area for so many years.

President Clinton's call for a new ethic of service in America in his Presidential campaign and in his announcement of the legislation last Friday in New Orleans mark this vital matter as a signature item of his Administration. The response to his call—last year and now—has been overwhelming. The President struck a resonating chord with the American people. They are ready and eager to give something back to our great country for all it provides. They are prepared to take individual responsibility to play a role in solving our national problems.

Service has a long and honorable tradition in our nation. From William James' denomination of service as the moral equivalent of war, on through the CCC, the Peace Corps and VISTA, and continuing with the recent resurgence of interest in service among young people and the 1990 enactment of the National and Commu-

nity Service Act, President Clinton taps a ready reservoir of interest and commitment when he calls on Americans to serve.

The translation from prophecy to program will begin shortly with a Summer of Service. Over a thousand young people from all backgrounds and varied parts of America will work on the shared theme of children at risk. For some the activity will be to bring a summer of learning to children who need extra help. For others the mandate will be outreach to see that children get health care including immunizations. Others will help bring children to greater awareness of the environment, and involve them in efforts to clean up waste. And still others will have assignments that assist in enhancing public safety and seeking to reduce violence.

We hope the President's larger, long-term program gets under way next year. Yesterday, the President sent Congress the National Service Trust Act of 1993. The Act will offer hundreds of thousands of young people help paying for school in return for work our country needs. And the Act will not create a big bureaucracy—instead relying on local initiatives, and giving programs and people the flexibility to meet the program's goals.

The program reflects a total commitment to diversity: of race and ethnicity, urban and rural, age and gender, and especially economic diversity. Americans will be able to do national service at any time in their adult lives, before or after school, full-time or part-time. At the end of their term, they will receive \$5,000 educational awards, usable for the full range of post-secondary programs, including job training, college, and graduate schools. The contemplated service is broadly defined: education, human needs, the environment, public safety. Within these rubrics, the roles can be as broad as grassroots ingenuity in our great nation can make them. One can foresee participants working with young children in Head Start centers and older children in schools, working in clinics both urban and rural on outreach for immunization and other health care, helping to provide safe places where inner-city kids can go after school to study and be in organized recreation leagues, recycling waste and cleaning up pollution, planting trees and beautifying our national parks. The list goes on and on: family literacy, working with and alongside the elderly in many different ways, enabling developmentally disabled children to participate in community-based activities, mentoring, helping with runaway youth, working in schools on service-learning.

While there will be a great deal of flexibility in developing service programs, there is equal clarity about what programs must do: meet community needs, improve the lives of participants, and not displace existing workers. The Act requires every project to meet quality standards, develop performance goals, and undergo independent evaluations. Programs will be selected on a competitive basis at the State and Federal level, and no program will ever be guaranteed federal dollars. The initiative is designed to support what works best at meeting the country's most pressing needs.

The Act builds the same spirit into a new federal Corporation for National Service. This government corporation will combine two existing independent agencies, the Commission on National and Community Service and ACTION. With flexible personnel policies and a bipartisan Board, the Corporation will be able to remain fixed on a mission of supporting superb service.

Funding for the new initiative is proposed to begin at \$389 million, which will allow 25,000 young people to participate. While the Administration has requested more funds in later years—and we hope to see 150,000 participants in 1997—we want the program to grow at the best pace, not necessarily the fastest. The legislation that the Administration sent Congress yesterday reflects this interest by requesting “such sums as may be appropriated” rather than specific amounts for the out-years.

The Act reflects the President's support for service by all Americans, at all ages, in all forms. It will build on and strengthen the K-12 service-learning provisions in the current National and Community Service Act. It will support the Older American Volunteer Programs and VISTA Program, which have quietly done good work for many years. And the Act will reauthorize the Civilian Community Corps and Points of Light Foundation.

The President is committed to inspiring an ethic of service in Americans of all ages and political beliefs. His hope is that Americans everywhere will be inspired to contribute and take a measure of personal responsibility for addressing our pressing national problems. This is truly a fulfilling moment for those of us who have dreamed about the possibility of a real commitment to national and community service in this great country.

Thank you for the chance to share these thoughts with you today.

Senator MIKULSKI. Thank you, Mr. Edelman, Ms. Milton and Ms. Hesselbein.

Senator Nickles, you might find it interesting that today there is an introduction of President Clinton's National Service Trust initiative that is being introduced on a bipartisan basis with Senator Kennedy, Senator Durenberger, who has really been one of the champions of this concept, as well as myself and some others. And we felt it was useful if part of that thinking was incorporated into this testimony.

Senator, would you like to make an opening statement, or do you want to wait a minute or two until I go through my questions? How would you like to proceed? My questions will be about 10 minutes.

Senator NICKLES. Madam Chair, let me just make a couple of general comments. And I appreciate Mr. Edelman's and Ms. Milton's statements. I have some concerns, and I will throw some of these out, and then I delve into them a little more thoroughly when my round of questions would come.

But, one, I appreciate your appearance before the committee, and I appreciate the earnestness and the excitement on your new initiative. But I am concerned. And maybe you can help alleviate some of those concerns. I am not a cosponsor of the proposal yet. I may not be.

BUDGETARY CONCERNS

I will say, Mr. Edelman, when you mentioned hundreds of thousands and you mentioned that several times in your statement, I also have a budget hat on. I serve on the Budget Committee, I serve on the Appropriations Committee, and I see big dollars involved. I see a new Federal corporation. I think you called it a new Federal Corporation for National Service. And I see more government. I see more bureaucracy. I see bureaucrats creating jobs.

I heard your statement say that you were not going to replace existing jobs, so I see new Government jobs defined by maybe your Board, defined by politicians, defined by bureaucrats.

GROWTH IN BUREAUCRACY

In other words, bureaucrats creating more jobs that we as taxpayers are going to pay for. And then I put on my budget hat and I see hundreds of thousands of jobs and I start trying to figure up how much is this going to cost. I noticed that in President Clinton's so-called emergency supplemental, he wanted to have a pilot program that was going to benefit 1,000 participants at a cost of \$12,000 each.

You see hundreds of thousands of dollars, and then you are talking about millions and billions of dollars. Under this proposal, as I understand it, it starts out with almost \$400 million in 1994, but by 1998 you are talking about \$3.5 billion. So we are taking a brand new program, we are creating a brand new program, and it multiplies geometrically into a multibillion-dollar program.

You are talking about grants or student assistance—originally I thought it was \$13,000 per participant or up to \$6,500 per year for 2 years—I am reading your statement that says \$5,000 for 2 years.

So that is \$10,000 of educational assistance, and then I am looking at community service—the community service, I am guessing is for 2 years. How much will that cost? They are going to have to be paid.

So the participant will not only be paid the \$10,000 of educational assistance, but also the cost of the job. I am assuming that the participant will be entitled to receive minimum wage. I am assuming that they will be entitled to receive—as a matter of fact, I think I read where the President said they would qualify for health care, they would qualify for day care. So I am just adding these expenses up, and all of a sudden I am looking at a program that looks to me like it is going to cost \$10,000 or \$12,000 or more per year. So, for 2 years, that is \$24,000 or \$25,000, plus the \$10,000 of educational assistance would be \$35,000 per beneficiary.

Mr. Edelman, that is \$35,000, and you say we are going to help hundreds of thousands of young people. So I see a program that is going to explode in costs. So that is kind of my concern. I will just finish with one other concern.

MAKING PROGRAM AVAILABLE TO MIDDLE-AGED AMERICANS

We have talked primarily about young people. But I can think of one example in my State—Tulsa Junior College happens to be maybe the largest or the second largest institution in our State. It has, I think, 23,000 students or more.

The average age level of students at this junior college is, I am going to guess, in the thirties. In other words, there are a lot of middle-aged people who are participating who would probably be interested in participating in this. So I see a large number of people seeing a new entitlement program who may want to sign up.

And I also see enormous exposure to taxpayers. And so, Madam Chair, I appreciate your having this hearing. This is a new concept. It is a new program. It does have enormous potential to get very expensive very quick. And so I look forward to maybe sharing some of my concerns and, hopefully, getting some answers to some questions during my round of questions.

And I thank you very much.

Senator MIKULSKI. Senator Nickles, you raised excellent questions. And I believe if those questions cannot be answered, it would be difficult to move forward. I believe that there are answers to that, and this is only the first conversation we are having on the new idea. And, of course, we are not going to use it as an authorizing hearing, but really to understand what the implications are.

But your questions are great and we will come right back to them.

CONCEPTUAL FRAMEWORK OF NATIONAL SERVICE

Mr. Edelman, my first question is for you, to be sure that I understand the National Service Trust. As I understand it, it is really meant to be one of the rungs on the opportunity ladder of the United States of America. It is as innovative as the fact that we invented night school. We did invent a community college. We did have a GI bill. All of which were ideas that enabled Americans to

have access to the American dream of higher education and/or home ownership.

So, I am sure that is the principle of it. And that the way it would work is not through a big bureaucracy, but either through a State or a nonprofit organization, could apply to participate in this program. But the way it would help beneficiaries of all ages is that by working in community service projects, primarily in nonprofit organizations, where the most innovation and flexibility is, that they would earn a voucher to reduce their student debt or if their student debt was not high, like a community college, it would be held for them, almost like a housing IRA that they could use for first-time home ownership.

And it would either be a year of full-time service—or the innovation of part-time service, where people who were getting on with their careers or their relationships can stay in their own community and give us 20 hours a month building homes in say Habitat for Humanity or working with young adults or middle-aged adults helping other adults who wanted to read and enter the marketplace.

Is that really the conceptual framework that by helping people with one form of debt, we then infuse human capital in solving other problems, so it has a multiplier effect?

Mr. EDELMAN. Madam Chair, that is a very, very accurate and I think important and helpful description. Let me just mention a couple of things in response, and there is one item that is a little different.

First of all, I would emphasize with you that we are not creating any new Federal bureaucracy here. The Corporation will be a very small entity. This is a locally driven idea. The proposals for service opportunities will come very heavily, primarily from local nonprofit organizations, as you said, Madam Chair, and the numbers are very consistent with our fiscal situation as a country.

When I talked about hundreds of thousands of people, Senator Nickles, it was really along the lines of Senator Mikulski's last comment, which is the multiplier effect of the number of people who would be inspired, one hopes, over a period of time to become involved in service in one way or another. We are talking about 25,000 positions that would have Federal funds behind them initially here.

The President's original budget proposals talked about an out-year, as I think you mentioned, of \$3.4 billion in the fourth year. That would enable something like 150,000 participants on a stipended basis. The hundreds of thousands, I hope—perhaps I was not clear—is really just a question of multiplier effect, exactly as Senator Mikulski said—people who get inspired either because they have been in the program and then give kind of a lifetime of part-time voluntary service, or others who are inspired to come out and volunteer.

So we are talking about a relatively small program. It is big by the standards of volunteer programs that we have had in the past—the Peace Corps, at its height, had 16,000—so this is certainly ambitious. But we want to do it carefully. We want to do it slowly. We want to do it in a way that involves the smallest number of people who receive a Federal paycheck, just enough to be

able to oversee the States, and this really reflects federalism—just enough to be able to ensure that there is quality control, ensure that there is evaluation—all the things that we want to make sure happen so that the money is well spent.

This is not an entitlement. Young people, and indeed, people of all ages—and it does allow people to come in later on if they want to take some time off—would apply for participation. Actually, the larger possibility, and I do not know whether we want to get into this in this subcommittee, but the larger possibility for encouraging hundreds of thousands of people to serve is in the income contingent repayment feature of student loans that President Clinton has proposed. Because that will enable young people who borrowed to pay back at a pace that relates to their income stream.

And so if they take a low-paying service job, they cannot be saddled with a rigid repayment schedule right at that time. I think that is going to stimulate a lot of young people to serve. So this is not an entitlement. It is a relatively small program. It will be carried out at the local level.

The one area, Senator Mikulski, where the bill is drafted in a slightly more narrow way than you indicated is that the benefit needs to be used for educational purposes.

ACTUAL COST TO FEDERAL GOVERNMENT

You are not entitled to a second year once you get into the program, Senator Nickles. So that the costs to the Federal Government are the 85 percent of a stipend, which is basically at the minimum wage. It is the VISTA stipend, but that is around the minimum wage. It is 85 percent of that.

The local organization has to come up with the 15-percent cash match. Eighty-five percent of the cost of health insurance; participants will get health insurance. And the cost of child care if the participant needs child care.

So that the Federal money for 1 year on the stipend side for all of that is about \$8,500—all three of those. It may be a little more if child care is involved; \$5,000 for the education, and that can be used if a person has gone part way through college and wants to finish, if a person is further on and might want to come back and go to graduate school. The educational stipend, which is \$5,000 for 1 year, can be used very flexibly.

So you are talking about a basic cost to the Federal Government for 1 year of participation at about \$13,500.

There will be some grant and aid money available on a 75-percent matching basis. That is to say, 75 percent Federal, 25 percent local, but not to all programs that participate. Far from it. Just where it is necessary to help support program administration for innovative new programs or programs that are expanding, where there is a judgment made that it would be helpful to have program support.

So that is an added cost that one would have to put in there for some of the programs.

But for 1 year of service for the vast majority of participants, we are talking about \$13,500 in Federal money. Now actually, the way the bill is drafted, if a school system or a local health department, somebody like that, wants to have somebody come on in and work,

like the Teach for America Program, that is possible under this. Someone who might receive a salary that is, let us say, over \$20,000. That is possible.

But it is subject to no displacement, no supplantation, it must be in an underserved area, it must be a job that the school system has been unable to fill, and there is no Federal support for the stipend for that, only the postservice benefit that would be attached to that. And finally, that has to be supervised by the Federal Corporation in order to make sure that there is no abuse of that. That cannot be handled at the State level.

So, that is the one area where people would be doing something that you and I might characterize as a job. But it is very carefully controlled, and that will not have Federal support for the stipend. In other words, the only Federal costs in that would be the \$5,000 for the postservice benefit.

I have gone on, Senator, to answer some of Senator Nickles' concerns. I hope that is all right.

Senator MIKULSKI. That was very valid. And I think what that enabled you to do was really provide a description of what would be in the National Service Trust, which will be the subject of authorizing hearings in Senator Kennedy's committee, led by Senator Kennedy and Senator Nancy Kassebaum. So, we know that it will get the scrutiny it deserves.

RESULTS OF FIRST YEAR APPROPRIATIONS ASSESSED

Now, Ms. Milton, I want to talk about the Commission. Of course, it is this subcommittee's intention to fund the national Commission that was created in 1990 with the support of Senator Hatch and others, as well as sustaining of the Points of Light Foundation.

Now, in the 2 years that you have been in business, the first year you were able to give grants after the startup.

What would you estimate are the needs of Governors who have applied to you? In other words, do you have more applications from States that you can fund? And, No. 2, what results do you see from what you funded already?

Has this become kind of a closet CETA program? Has this really done this concept of generating both opportunity and obligation rights and responsibility? Could you share with us?

STATE INVOLVEMENT

Ms. MILTON. I would be glad to. In the 1½ years that the Commission has been operating, we have seen an incredible desire on the parts of States. Every State in this Nation has applied and has come forth with ideas for programs that they would like to see carried on at the local level.

Because the Commission's appropriation is relatively small we have had to turn away or downsize many outstanding proposals from States. In some areas, for example, we have only been able to give States grants in the range of \$15,000 to \$20,000 which, in the time of fiscal austerity in the States, has meant that they have had to really put their own people and their efforts behind it.

Senator MIKULSKI. Ms. Milton, recall that the purpose of establishing the Commission in the framework we did was to have a modest demonstration program to see whether this was a pipe dream or an opportunity structure. That was our agreement as we worked with Senator Hatch, Senator Garn, and others who had pause about expanding and bloating bureaucracy. So, we are meant to do a six-State demonstration project to see if it was worth expanding.

Ms. MILTON. Exactly. And as I say, what has been exciting is that not only have more States come forward, but those States that have come forward and have been funded at levels less than they needed have put forth their own money and have found private-sector money in their States. The States have done so because they believe in this and because they can see that it makes a difference for the participants and the communities. So, that has been really important.

The second part of your question was on results. As I said earlier, we have hired an evaluation firm and we are doing a very thorough evaluation of all the programs, by looking at the participant's impact on the community. At this point, we can tell you how many people are involved in each of the programs, and a little bit about them, but we are really at an early stage in the evaluation process, so we cannot say at this point what impact the programs have had in the community except in a very few cases, because the initial evaluation results will not be available until November 1993.

Senator MIKULSKI. That is the formal one. But what of Governors and others who have put up the initial funding?

IMPROVEMENTS IN PROGRAMS

Ms. MILTON. Well, I think one way of examining it is by comparing the quality of proposals that we received this year with those we received in our first year, and by looking at the kind of activities that States want to support at the local level.

We have seen much more emphasis on management, much more emphasis on how to recruit well, how to train, and how to really operate a good program. This is a major accomplishment that has happened at the State level.

So, overall, the quality of proposals that we received this year was much higher than what we received the first year. And we attributed that improvement to two things. One is that we think that the idea of models has already had an effect. We have made it possible for people to go visit or find out information about other programs and being able to see something operating that is going well is certainly a better teacher, than ideas just on paper. So the models have been very important. Second, we have been able to develop some training and make other materials available.

So I think the programs have improved because we have identified those areas that we think are most important by making more targeted announcements, thus people in the States can see the programs and get information which spawns ideas. We have been able to make program competition this past year a little more focused than we were able to the first year.

Senator MIKULSKI. One of the things that emerges is young people at risk. And I understand that part of this—we focused on the college part, but I have always had a tremendous interest in the Conservation Corps. I understand this has been one of the core components.

And reflecting on the fact that in my own State of Maryland it cost \$18,000 a year to keep a person in prison, and I am not saying Conservation Corps are alternatives to that, but so many young people who have no home, no family, who seem adrift, untethered, seem to in some ways find a home in the Conservation Corps the way others in the past have also found a home in the military. Also, the whole idea of the poor being contributors rather than just beneficiaries of handouts.

Could you tell us the experience of the Conservation Corps and what you would like to do with it? I do not want to have nostalgic thoughts about this. I really want to know what has been the level of participation and what, again, has been some of the results.

CONSERVATION CORPS

Ms. MILTON. I would, certainly. When I think of the Conservation Corps, I think of the young people that I have had the privilege of meeting this past year, whether in central Los Angeles, where work is being done to rebuild the city after the riots, or in Maryland, Milwaukee, or Philadelphia.

I have met many young people who are part of the corps who have explained on a very personal level that being a member of the corps has meant the difference between life and death for them. They will point to their brothers, their friends, and they will say how many of them have been killed, how many of them have been involved in drug violence. And because they have had the opportunity to be in a youth corps they have not only gotten the opportunity to serve their community, but the opportunity to save their life.

YOUTH CORPS

We are funding youth corps in 30 States at this point in time and have programs that enable young people to focus on conservation work, and keep parks open that would have otherwise been closed. They are learning skills that will be useful for them, not only job readiness skills but also skills that will be useful for them in the job market.

In other areas we have been funding corps that are focused on the inner cities, tutoring and working in day care. For example, going to Senator Nickles' point about how many people will be involved in this, one of the things that I found most exciting about the results that we have seen so far is that in some cities, by having a corps that is organized, has good supervision, and knows teamwork, it is able to mobilize literally hundreds and hundreds of volunteers in the community.

For example, in Philadelphia the mayor said he wanted to do something positive and turn the city around. And the youth corps came forward and said, "We are going to do a project every day for

the next 100 days that is going to help make this city a better place.”

They had a competition in the city, and they had different community groups saying, well, we would like to have our school rehabilitated, or we would like to build a park over here, or we would like to have a day care center open up with some tutoring.

Because youth corps had the skills and the knowledge, they went in and picked the best projects in the community, put them together, and literally had hundreds of people volunteering with no cost to the Government, or anyone. It gave that community pride. The community built those gardens and playgrounds.

So, I think what we have seen is that the youth corps, because of discipline, organization, and these young people come from the communities that they are serving, there is a great feeling among them that young people can make a difference in the lives of those in the community.

Senator MIKULSKI. I have some other questions.

Senator Nickles, do you want to go on and then I will come back?

COST OF PROGRAM PER PARTICIPANT

Senator NICKLES. Madam Chair, thank you very much. I am enjoying this discussion. I am trying to learn some things. But I am still concerned about the cost. You have not quite alleviated all my concerns in the opening round of questions.

Mr. EDELMAN. Perhaps I could help some more.

Senator NICKLES. Well, I will give you that opportunity. In 1998, Mr. Edelman, just looking at the \$3.4 billion, and show under your proposal that the number of participants is 150,000. If that is correct, then the cost per participant is \$22,667 per year.

Am I correct in that statement?

Mr. EDELMAN. No, sir; in terms of the cost per participant, because the total appropriation at that time would also include the funding for the ACTION programs, for the K-12 programs, for the various other initiatives that are out there. That is one piece.

Second, that estimate was arrived at at a time when there was considerable discussion about the size of the postservice benefit. There was discussion at the time, as you may know—certainly Senator Mikulski is aware of this—of as much as \$10,000 per year postservice benefit, so that the actual unit costs are as I described. And if it turns out that the experience under the program has been such that what we want is 150,000 participants and \$3.4 billion is not needed to do that, fine.

If it turns out that the experience is terrific and the costs are as I have indicated, and they will be, then we could have more participants for that amount of money.

Senator NICKLES. Let me make a couple of general comments. One, I think your numbers are leaving a lot to be desired.

Mr. EDELMAN. May I say also, Senator, that the bill does not say \$3.4 billion. That was an original number that was in the President's budget plan for 5 years. And because of the fact that we have done some further thinking, the bill talks about such sums as may be appropriated.

Senator MIKULSKI. Well, Senator, let me just say something because part of the numbers and all will go through the authorizing

committees. But remember, this is not an entitlement. It will be subject to discretionary spending limits. There will also be an annual—unless we go to a 2-year budget cycle, which I support, but an annual oversight review in this committee.

And I can tell you this committee is not for expanding some big program.

Senator NICKLES. I hear the Chair. I want to make it very clear that this thing has enormous potential to explode in cost. Your first year you are looking for a little less than \$400 million?

Mr. EDELMAN. Yes.

Senator NICKLES. \$394 million. Your statement says \$389 million. I do not know what the difference is, but the President's proposal is to go up to \$3.4 billion by 1998. The cost per participant—you mentioned that you thought it would be \$8,500?

Mr. EDELMAN. Yes; now, just on the \$389 and the \$394 million, the extra \$5 million is funding for the Points of Light Foundation.

Senator NICKLES. OK. The \$8,000 per year, and you mentioned these individuals would receive minimum wage?

Mr. EDELMAN. The bill is geared to the VISTA stipend, Senator, which is approximately the same. It is actually 105 percent of the poverty line for an individual, but it works out to be about the same as the minimum wage.

Senator NICKLES. Looking at your book that you have provided us, it says the average cost for a full year of service under the VISTA Program is \$16,000 per year. The average cost of the Youth Corps is about \$20,000 per year, and that excludes health insurance.

FEDERAL JOBS PROVIDED AT MINIMUM WAGE

My point is, you are going to be providing a Federal job. And you mentioned in your opening statement 85 percent of the cost is going to be paid for by the Federal Government. You are just going to set some level, and I hear you saying it is de minimis, but it is not de minimis if you are talking about minimum wage. A minimum wage which—do you know what the minimum wage is today?

Mr. EDELMAN. \$4.25 an hour.

Senator NICKLES. Do you know what it is going to be in 1998?

Mr. EDELMAN. There is no legislation to change it.

Senator NICKLES. Am I not correct that the administration is planning on not only increasing the minimum wage but also indexing the minimum wage?

Mr. EDELMAN. I am not aware of such plans. In any case, the bill talks about the VISTA stipend, Senator, the bill does not discuss the minimum wage.

Senator NICKLES. My point is this is the Appropriations Committee, and you are trying to sell a new program. You are trying to sell a new program that has enormous potential to explode. Initially the President was talking about a pilot program of 1,000. You are now talking about a program for next year of 25,000. You are talking about increasing that number in 1998, 2 years later, to 150,000.

The number of students that are currently enrolled in college are 13,700,000. I take that back. That is a 1990 figure. But anyway, 13- or 14-plus million students that are out there, that if it is a

great program may say, "Hey, I want some of it." They may or may not, I do not know.

You see my concern. I am looking at the present program, the Pell Grant Program, the Student Loan Program. The Pell grant averaged in 1990 costing \$1,400 a student, and the Guaranteed Student Loan Program cost \$2,700 a student. We are helping 3.2 million under Pell grants and about 4 million people under guaranteed student loans.

In other words, we are helping millions of students and it looks to me like a much more reasonable way of getting through school than the program that you are talking about. That program says we will give you \$5,000 in exchange for a year of Government service, and that Government service to be determined by somebody in some type of social services, but we also want to make sure that it is not a productive job or displaces anybody, so it is going to have to be a manufactured job or created job.

Now, I happen to be very aware of volunteerism. I happen to be a very supportive person of volunteers. I spent a lot of years on the United Way allocation committees and so on. Most of the groups that I have become aware of that are helping, whether it is Big Brothers and Sisters, or if it is the Boy Scouts, or if it is the Council for Retarded Children or whatever that we have in our various communities that I know the Senator from Maryland is very supportive of, if you look at those agencies who are doing great social services, they do about 90-some-odd percent of it with nonpaid volunteers. Volunteerism is a very big deal.

I am concerned about coming up with a Federal program that is going to displace or do some of the work that is done by volunteers today.

Now, I know that is not your intention, but in 1998 you are going to be giving these 150,000 students some job. And I understand now by reading your material that it is not going to take the place of the union worker. I think I read that.

Mr. EDELMAN. That is correct.

Senator NICKLES. Well, that is a nice protection. So, we are not going to take the place of a union worker. We are going to try not to displace somebody that has a productive job in the private sector. And so Government is going to have to create a job.

And my point is that looking at the figures that have been given by the administration, the cost per job in 1998 is estimated to be \$22,000 per job. I think that is probably correct. And my concern is it will cost that much. My concern is the administration has projected and called for a possible increase in the minimum wage. They have called for indexing minimum wage. They are calling for national health insurance of some type. You have said that is going to all be included.

So, the point is this is not going to be a program that costs \$8,000 per participant. It is going to be a program that is going to be much more expensive. My guess is you are going to be looking at a program that initially is going to start out at \$10,000 or \$12,000 per year of work service that in a few years will be above some \$20,000 per year for each year of service.

Now, let us look at the cost of one participant. If they participate for 2 years, you are talking about \$10,000 of educational assistance

and 2 years of a Government job that may well be some \$20,000 dollars a year by the year 1998. So, that one participant, \$10,000 of educational assistance plus some \$20,000—even using your figures, \$22,000 by the 1998. That is \$44,000 for the job, \$10,000 for educational assistance, you are talking about \$54,000 per job in exchange for what?

And, again, I look back. And I am not saying that the present system is perfect with Pell grants and guaranteed student loans, but the present system is helping millions of students, not 25,000 or 150,000, and I think it is doing a pretty good job in comparison to the program that you are talking about now.

And I would also have to say, and I guess this is more philosophical, but I have concern with the Government making these decisions as far as what these jobs will be. I have found in my years of service—and I will admit I have a bias. I have a private-sector background. But I am not sure that Government work or Government service is the best incubator for teaching people good work habits.

So, when you are thinking about training new people, and I think I heard you say it is going to be expanded not just for young people going to college but maybe for some of the older people that wish to go to college or return to school maybe when they are 50 years old and try something else, you are talking about, one, a very expensive program that could cost \$50,000 to \$60,000 per participant for their 2 years of service by the year 1998, and maybe even teaching a lot of people or giving or creating Government jobs that, again, either volunteers are doing or maybe should be doing, or that we would be creating the Government job to supplant something that somebody else should be doing in the first place.

So, those are some of my concerns. I know I have taken too much time, and I appreciate the Chair's indulgence.

Senator MIKULSKI. Let me just point out something here because the Senator raises some interesting points. First, what has operated under the National Commission and what is being proposed under the National Service Trust is not jobs. So, therefore, discussions like minimum wage and OSHA requirements, all those things that you and I have agreed should be placed on the U.S. Senate, are not part of this.

And then, second, it is not creating make-work. It is doing those things that now, if the nonprofits could do them, they would do them.

So, I look to something that—my family so relied upon when mom came home from the rehab center was Meals-on-Wheels until we could work out other housing arrangements. Meals-on-Wheels came in during the week. Now, my sisters and I were there for the weekend, so we were the meals-on-wheels, but not every family has that.

And what part of this service corps would do, particularly for the part-time model, is something like weekend meals-on-wheels, which is not big government and, in fact, we would hope would keep people out of nursing homes.

The other thing is the \$5,000 was not pegged as a wage. See, this is not a CETA program. If this were a CETA program I would not be interested in it either, Senator.

It really came from Senator Nunn and myself, which was orient the voucher to what the average cost of tuition would be in a State university because this was rated to debt reduction.

Now all those support services that I think are unfolding—I think it is probably a little bit—which will authorize in the community—but that is where the \$5,000 came from.

Senator NICKLES. I thought it came from the GI bill of rights which was \$5,000.

DISTINCTION BETWEEN GI BILL AND ENTITLEMENTS

Senator MIKULSKI. No, no, no. And I might want to make a very crucial distinction, Senator. The GI bill of rights is an entitlement. It is an entitlement and it is one of the most worthy of all entitlements.

The National Service Program is not an entitlement. It will be subject to annual oversight by the Appropriations Committee as well as discretionary spending limits and the \$5,000 is pegged at what is the average cost of tuition in a State-based institution. I am just sharing it with you.

Senator NICKLES. Is that not the GI benefit as well?

Senator MIKULSKI. It is approximately that. But the GI bill—

Senator NICKLES. I think it was politically necessary not to have this amount greater than what is offered under the GI bill.

Senator MIKULSKI. That is why I worked with Senator Nunn, because this was never meant as an alternative to military service either. One of the great participants in thinking through this program, the initial program, the 1990 program, in addition to Senator Durenberger, was Senator Nunn exactly for those reasons.

Mr. EDELMAN. Senator Nickles, I wish that I could sit down with you really and take the time to go through all of the things that you've said.

Senator NICKLES. I will give you that opportunity.

Mr. EDELMAN. Because there are so many assumptions embedded in what you have said. The one thing I would urge you to do, you mentioned your work with the Big Brothers and the United Way.

I think that is a very important discussion to have because my sense is, you will find, I have certainly talked to people from United Way and Big Brothers—and, of course, you have Frances Hesselbein here from the Girl Scouts—that people in the nonprofit sector are delighted with this. They welcome it. They see very, very productive roles.

These are not Federal jobs. These are not Government jobs. These are roles for people in—you know, I really think, I hope we do not get into a thing where if I say to you, these are not Government jobs, you say to me, then, they are not productive.

These are service opportunities for people to augment and supplement the kind of very rich activity that we have in the voluntary, nonprofit sector in this country. I am very confident and I think you will find that people who are out there in the trenches and on the front lines will agree with me, that this is not going to supplant the millions of hours of service that Americans of all ages render for nothing.

This is a way for people to come on in and do some very significant blocks and chunks of time. There is a tremendous amount of need out there. In terms of whether it is education or the environment or all the different kinds of social services that United Way agencies do.

And you know, when you talked about—and this will get into our longer discussion—the cost of a VISTA job that you read out of the Commission's annual report. That is a fully distributed cost. That includes all of the overhead of the agency and everything like that.

This bill is very explicit about what the costs are going to be. It is subject to your vote as a member of this body, that what we are going to pay is, as Senator Mikulski said, not the minimum wage. It is not geared to whatever the President's proposal is on the minimum wage. It is geared to what VISTA volunteers get. That is all written in the law. It is very specific about that.

So I do not know where the exploding costs come from, Senator.

Senator NICKLES. Well, many people who have initiated Federal programs have sat on your side of the table and said, "Well, we have great intentions that this is not going to have a high administrative cost and it is not going to balloon."

But under your budget, it goes from \$400 million to \$3.4 billion in 4 years. That is an astronomical growth rate. I do not know where it is supposed to go the next 5 years. But I do see that you are only going to, under your figures, help 150,000 people and you have got 14 or 15 million eligible. So you have enormous potential for this thing to really climb and grow. And again, I do not think you can dismiss minimum wage.

I will look—I do not know that much about VISTA's pay schedule, but my guess is it is more than minimum wage.

Mr. EDELMAN. It is 105 percent of the poverty line for an individual person.

Senator NICKLES. How much does that average in the United States?

Mr. EDELMAN. At the moment, it works out to about the minimum wage.

Senator NICKLES. OK. Well, my point is, it has—and the cost, including the administrative costs. And I am really concerned about administrative costs.

Mr. EDELMAN. I am, too.

Senator MIKULSKI. Senator, I know you are. And I am going to now—I think we have kind of gone over that dimension.

Senator NICKLES. Yes.

Senator MIKULSKI. I will now turn to Senator D'Amato.

Senator D'AMATO. Thank you. I ask unanimous consent that my statement be placed in the record.

Can you tell me if you have a pilot program, and which States are participating?

STATE PARTICIPATION

Ms. MILTON. We have. All the States, at this point, are participating in different aspects of the program. All the States are participating.

Senator MIKULSKI. The six States, Catherine, on the national service model and then go into the service community, which is 30 States.

Ms. MILTON. At this point, we have two different types of full-time programs. One is the national service models that were selected by a competition. Seven States are now participating in that with different models.

Senator D'AMATO. You have seven States that are participating? What are those States?

Ms. MILTON. Just a second. There is one program coming from the delta area—Louisiana, Mississippi and Arkansas. We also have a program in Maryland. We also have a program in Pennsylvania.

Let us see. We will get the others. Oklahoma and New York, Massachusetts; sorry.

Senator D'AMATO. Massachusetts?

Ms. MILTON. Yes; Massachusetts. We are funding that State.

Senator D'AMATO. Now these are aspects of—

Ms. MILTON. These are models that demonstrate different ways of approaching full-time national service and are actually included in the administration's new proposal.

Senator D'AMATO. Could you tell what is being done in New York?

PROJECTS FUNDED IN NEW YORK

Ms. MILTON. Actually, in New York City, we are funding a youth corps program through the State, as well as several other youth corps in New York State.

There we are providing stipends for the participants as well as some postservice benefits. The young people who are involved in the youth corps in New York are working on a variety of projects, including tutoring, working in nursing homes, and in environmental projects.

With our funding we have helped to start some new programs in Syracuse and other parts of New York State.

And the Seneca Indians—I am sorry. We also have a full-time project with the Seneca Indians.

Senator D'AMATO. In the Buffalo area?

Ms. MILTON. Yes.

Senator D'AMATO. Let me ask you, do any of the programs or the pilots that are existing in any of these States contain the college stipend component?

POSTSERVICE BENEFITS

Ms. MILTON. Yes; in the national models, there is a \$5,000 postservice benefit that is available to be used for either educational benefits or for housing.

Senator D'AMATO. Have any of these been undertaken? In other words, do you have youngsters today who, as a result of their service, are now in college and drawing on these benefits?

Ms. MILTON. Actually, no, because the programs are just at the beginning stage and many of the young people will be drawing on their benefits starting in June. We can, however, say that there are

800 people working either full or part time and we expect that many of them will be drawing on the benefits.

Senator D'AMATO. 800 people are now working full or parttime?

Ms. MILTON. Yeah.

Senator D'AMATO. And so some of them will be eligible at some point then, because there is a 2-year—

Senator MIKULSKI. Senator, they are not working; they are volunteering. And that has to be a distinction, that this is not pay for work. This is a good guy or a good gal bonus for volunteering.

Ms. MILTON. That is right.

Mr. EDELMAN. Serving.

Senator D'AMATO. The Senator has just touched on a point on which I would like to get some further clarification.

What you are saying to me then is there are 800 people who are volunteering. Are these young people getting any compensation for this?

Ms. MILTON. They are getting a small stipend to make it possible for them to serve. But basically, they are living and are serving. It is not money that is attracting the young people. And I can speak from the experience of having spoken with them.

Senator D'AMATO. Will you talk to me about the money a moment, then? How much are they receiving?

Ms. MILTON. \$8,800 a year is what they are being given in the subtitle D programs.

Senator D'AMATO. All right. I guess we get into an area of semantics as to whether or not you are undertaking this activity. It could be called subjective, if you were not getting any compensation, as opposed to getting approximately \$8,000 a year. But they are getting approximately \$8,000 a year.

Ms. MILTON. I think that if we were not able to offer that kind of stipend, the reality would be that the programs would only be available for the rich and a cross-section of young people would not be able to participate. At least this has been our experience to date.

And we have made an effort to allow a diverse group of people to participate.

Senator D'AMATO. I would appreciate it if you would give me a profile on those under 17 participating in the program. Are they in school? What kind of service are they involved in? Try to describe for me, give me a picture of how this program would involve them. Because I have to tell you, I am open. I do not know a great deal about this and I want to try to get a picture.

SCHOOL INVOLVEMENT

Ms. MILTON. The work that we are doing with people under 17 occurs mostly while they are in school; we also work with out-of-school youth. I will give you an example from New York City, where we have been working with a school in the Washington Heights area.

Senator MIKULSKI. For which no voucher is associated.

Ms. MILTON. That is right. There is no voucher or stipends at all for these young people who are participating. They have been working with their teachers. They identified the issue that they are most concerned about. It happened to be police violence.

So they worked with the police department and developed a conflict resolution program. They have been able to train their fellow students, so that everyone in the neighborhood that has been involved in this project has a better understanding of the police and the police have a better understanding of them.

I have talked to those young people who, again, are doing this project without any stipend or any pay of any kind. And they feel that this project has had a profound effect on them, because it has given them a chance to lead and learn and a chance to learn more about their community.

Senator D'AMATO. So the young people under 17 undertake this work without any compensation?

Ms. MILTON. That is correct.

Senator D'AMATO. And they build up credits toward college?

YOUTH INVOLVEMENT

Ms. MILTON. No; one of the experiences that we have drawn on is to use older young people, age 17 on up who are receiving some kind of stipend to organize programs to get younger children—elementary and secondary students—involved. And it creates a multiplier effect.

I will point out that none of the younger children are getting stipends.

Senator MIKULSKI. There is a Conservation Corps program in New York.

Ms. MILTON. Yes; for the summer.

Senator MIKULSKI. Do you want to talk about that for the Senator and those 16-year-olds?

YOUTH CORPS

Ms. MILTON. Yes; there is a youth corps conservation program which operates both full time as well as in the summer. During the summer, some of those programs do have younger children, ages 15, 16, and 17 involved in helping out on conservation projects.

For example, in Los Angeles, they have a project called Clean and Green, where children not only learn about the environment, but actually plant trees in neighborhoods where there are none.

As I am sure you are probably aware, the largest youth corps in the country and one of the most distinguished youth corps in the country is operating in New York City. I have had the privilege of visiting that program several times. They are involved in a wide range of activities from tutoring to actually going out and helping to rehabilitate houses.

Senator D'AMATO. You have not participated in funding any of that New York City program?

Ms. MILTON. Yes; we did give a grant. The grant for the New York City program actually came from the State. It was a grant that the Commission made to the State. The State then determined how much funding was going to go to the local corps, and a \$100,000 grant was given to New York City.

Senator MIKULSKI. They have one of the best.

Senator D'AMATO. I know about that youth corps there. Well, I want to thank you. This is cursory. But I certainly appreciate your

briefing on it. I would like to see some results before we plunge into a full-blown operation. I am very candid with you that I am very much concerned that we may have a program that is noble in purpose becomes something that it is not designed or intended for.

Truth in labeling is something that we all push for. And so truth in programming is probably something that I think some of us are concerned with.

And if, indeed, we can encourage and bring about some of the things that you speak about, why certainly that is the kind of investment we want to make. By the same token, we want to make sure that we are getting what we are told about.

EVALUATING PROGRAMS

Ms. MILTON. One of the ways, Senator, that we have been evaluating the program is by looking both from the cost-effectiveness perspective of the impact on the community, as well as by asking community members, do they feel what has been done is actually making a difference?

Senator D'AMATO. I have to be very candid with you. Let me tell you what bothers me. If this is going to be a situation where we are putting proceeds into the hands of community groups to go out and hire people—and I say hire them—then we are going to be self-defeating.

If we are talking about encouraging young people and giving them an opportunity at work—and I mean well coordinated and constructive work—and an opportunity to go to school, then I am for it. That is the distinction we have to make.

And I have to tell you, I am concerned. I am concerned that this does not become another form of patronage.

We have got to make sure that this is going to be open to all children and that it is not a situation where those who run these different agencies are going to decide which youngsters get an opportunity.

Now, how do you avoid that?

Mr. EDELMAN. Senator, if I could—

Senator D'AMATO. Let me tell you, to date I have not seen a system yet that deals with that and says, we are really going to give this opportunity to young people and get it to them. I do not know the delivery mechanism, whether it is there, whether it can be done.

I will tell you that if this program goes the way these programs all too often have gone, then you are not even going to get 10 cents on the dollar, you are not. And you are not going to get into the streets of Washington Heights or Bedford or east New York or the south side of Chicago or down in the streets of Baltimore.

That is my concern. Some of my other colleagues may have other concerns. My concern is I want to see that young people who really want to try to do something, really get an opportunity and do not have to be beholden to anybody. And that is how we have to do it. Now, how are we going to do that?

Senator MIKULSKI. I think that is an excellent statement.

Senator D'AMATO. That is the problem I have with this. I have not seen that system yet.

Mr. EDELMAN. Senator, if I could respond, since I have really been involved in the drafting of the legislation. I just think that is just an important and legitimate and difficult question that you raised.

I have been around this, as you know, for a long time as well, in terms of being a State official and trying to think through how you, in any area, not just this one, how you get public funds out and away so that they are used for the purpose intended, so that there is accountability, all the things that we know can go wrong from one end of the pipeline to the other.

We think that we have taken a very good shot at answering your question in the bill. And it is a thick piece of legislation. But we really would like to keep talking with you about it. And there is a lot of experience out there. It is not just the programs that the Commission has been funding. As you know, we have had VISTA for 30 years and that is a relevant piece of experience for this.

We have had a lot of people who are doing this youth corps kind of activity, Rheedlen Foundation in New York, Manhattan Valley in New York, as well as the volunteer corps of the city of New York, on and on.

You know I was the director of the New York State Division for Youth and we funded a lot of programs through New York State, going back to Governor Rockefeller's time and through Governor Wilson. Of course, I was not there then. But they were exactly the kind of youth serving and youth involving programs that we are talking here.

So we know that the infrastructure is out there of people who can make good use of the young people under this program. And what we have set up here—I will not take you through the details now, although it would be wonderful to talk some more, and I know you have talked to Eli Segal.

But we have tried to set up a system of checks and balances in here. Let me maybe just say it that way, so that we can get that kind of accountability. I could not agree more, that that is an important question.

Senator D'AMATO. Maybe at another point we will have an opportunity to spend some time addressing this further.

[The statement follows:]

STATEMENT OF SENATOR D'AMATO

Madam Chair, I am pleased to join you this morning to review the fiscal year 1994 budget request for the Commission on National and Community Service.

As one who supported the National and Community Service Act in the 101st Congress, I am vitally interested in the Commission's efforts in promoting the Act's goal of expanding service opportunities for all Americans. The fact that the Commission has been in existence now for more than a year and a half gives us an opportunity to examine how successfully it has endeavored to meet this goal.

While the Commission has requested a relatively modest budget of \$77.5 million for fiscal year 1994, the Administration is proposing legislation that would greatly expand the Federal role in promoting national service, creating a new Corporation for National Service, of which the Commission on National and Community Service would be a part. It would be instructive if we could have the Commission's views on this new initiative in light of the Commission's own recommendations on how best to develop a national service plan.

I join my colleagues in welcoming the Commission's Executive Director, Catherine Milton, before us today. I look forward to our discussion this morning, and to working with the members of this subcommittee to make sure that the Commission receives the budget consideration it deserves.

Thank you, Madam Chair.

Senator MIKULSKI. Well, I think that is a good point, because I agree it should not be a form of patronage. And then the other is we do not want it to be a new opportunity for the grant junkies, those people who all they want to do is kind of go around the world and apply for grants, you know, to enhance themselves.

So we are looking at the volunteers participating, first in non-profits, second, those that have a long-standing relationship of service, like scouts, the Meals on Wheels that I keep coming back to that are really the lifeline to so many people.

Those tried and true agencies where we know that it is there. And if it is innovative, then those are the ones that would come under careful eye.

The other thing is, this program is going to start out small. It will be, I think, initially, for the voucher part, 25,000 people. And the new Corporation will also have an inspector general. I think that is going to be one of the ways we are going to keep an eye on it that will be tools for people like you and I who will be on this.

But you know, I just do not want a new program either, Senator D'Amato. You and I are not too far apart. I want to see the culture of America change. I am tired of the me tooism. I am tired of where we do not say yes—and you are part of this, too—where we do not say yes to the kids who say no to drugs and crime. We really have a chance to acknowledge what could be done. And to also get some things done in our community.

Now, President Clinton's idea is a proposal. It is going to come before two authorizing committees. And I will tell you, in the Senate that is a tough committee. That has got, besides born again dogooders like me on it, it has Nancy Kassebaum, Senator Craig, the New England area, Senator Thurmond, Senator Jeffords, Senator Durenberger, who is a cosponsor.

So I think authorizing will give it a good scrub. And it will either go or it will not go. But it will go on merit.

And we look forward to your conversations on it and we hope you will eventually join in sponsoring it, either at this point or when it comes to the floor. And if you do not want to sponsor it, I want to know why. Because if we cannot answer your questions, we cannot answer the questions of the rest of the Senate.

Thank you.

Senator D'AMATO. Well, I thank the Chair.

ADDITIONAL COMMITTEE QUESTIONS

Senator MIKULSKI. We will submit the balance of the questions for response in the record.

[The following questions were not asked at the hearing, but were submitted to the Commission for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR FEINSTEIN

Question: National Service Corporation

How many employees will the corporation need to administer the program by the time it is fully implemented?

Answer: 98 employees will be needed to administer the national and community service program.

Question: What is the estimate for administrative cost per participant by 1998?

Answer: We have not projected aggregate administrative costs as far as 1998 and thus cannot provide a hard figure to answer this question. Generally, however, our administrative appropriation request will be driven by the number of participants we expect to support. In fact, as the program grows, and we begin to achieve an economy of scale, it is likely that this figure will become lower. The estimated 1994 administrative cost per participant figure can thus be viewed as a reasonable proxy for 1998.

Question: Part Time Service

How many hours must be worked each year to achieve the full \$5,000 benefit?

Answer: As you may know, in the latest version of the national service legislation the educational award is no longer \$5000. Instead, it is equal to 90% of the difference between one-half of the educational assistance available for members of the armed forces and one-half of the minimum basic contribution required of such members. Currently, as we understand it, this translates into about \$4725.

A full-time participant receives the full educational award for each of up to two terms of service; a full-time term of service is defined as at least 1700 hours of participation during a period of not less than nine months and not more than one year.

A part-time participant receives one-half of the full educational award (approximately \$2363.50) for each of

up to two terms of service; a part-time term of service is defined as not less than 900 hours of participation during a period of not more than two years, or, if the participant is in college, three years. Additionally, the Corporation may reduce the number of hours required to receive a part-time educational award so long as the award is reduced correspondingly.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

Question: How much of your budget is devoted to programs that involve school-age youth under the age of 17 in community service activities? Do you feel this is sufficient? Do you feel that these school-age programs have received adequate attention in the President's new service initiative?

Answer: The Commission's Serve-America program is our vehicle for funding programs that engage school-age youth in community service. Although these programs involve some 17 and 18 year-olds, most participants are 16 years of age or younger. For FY 1993, approximately \$17 million was allocated for Serve-America. Typically, the Commission made formula grants to states, which in turn made sub-grants to local schools, school districts and community-based organizations. The FY 1993 grants range from approximately \$28,000 to \$1.7 million, based on the number of school-age youth in each state.

Although many significant gains have been made over the past year, the ratio of these grants to the overall number of students in the states is still small. Whereas the larger size of the grants to the larger states tends to mask the number of students who cannot participate, the smaller states' struggle to provide local schools and organizations with the resources and technical support they need to ensure high quality programs is particularly salient. Fortunately, the President's new service initiative includes increased funding for programs involving school-age youth. Under the National and Community Service Trust Act of 1993, up to \$33.75 million is authorized for school- and community-based Serve-America programs. The new Act also encourages states and school districts to employ service-learning coordinators who would provide training and technical assistance and help ensure high quality programming.

Question: How do you personally feel we can best promote service as a value among our school-age young people? At what age should our efforts begin?

Answer: In my opinion, the best approach for promoting service as a value among school-age youth, in addition to what is done by families and religious organizations, is by working through schools and community-based organizations serving youth.

Integrating service-learning, a valuable teaching tool, into school curricula not only enhances the academic experience for most young people, but it also promotes personal development and fosters the service ethic and other values associated with community-based organizations.

Service-learning is appropriate for young people of all ages. It can bolster traditional academic studies by providing for study beyond the classroom for children as young as even 5 or 6 years of age.

Question: Your testimony states that most of the \$75.5 million appropriated to the Commission in FY93 went to support the continuation of existing programs that were approved in FY92, will only a small portion of funds to support new grantees.

Could you tell us exactly how much went to existing grantees versus new grantees?

Answer: In total, \$9.3 million, or 12.3%, went to new grantees, and \$66.2 million, or 87.7% went to renew existing grants. \$17 million was available for Subtitle B-1 Serve-America programs.

Question: Given the modest increase the Commission has requested for FY94, do you expect to continue to be limited in your ability to fund new grantees?

Answer: Yes, with only a modest increase in appropriations, we do expect to continue to be limited in our ability to fund new grantees. The National and Community Service Trust Act of 1993, however, authorizes up to \$380 million for national and community service programs.

QUESTIONS SUBMITTED BY SENATOR NICKLES

Question: According to a 1993 study done by the Commission, "Growth and Cost Scenario for National Service," 1/3 of current placements in national service programs are in the Federal government. I would like the Commission to supply for the record a list of the non-Federal government organizations which employ participants in the national service programs. In addition, could you provide a list of eligible organizations or examples of eligible organizations in certain states.

Answer: The 1/3 figure cited in the report refers, primarily, to participants enrolled in national service programs directly operated and organized by the Federal government, namely VISTA and the Peace Corps. None of the National Service Demonstration Projects supported by the Commission is Federally operated, and therefore no participants are employed by Federal government organizations or agencies. Of the eight national service grants awarded in FY 1992, all programs are either directly operated by state agencies or community-based nonprofit organizations and most if not all programs place participants in projects overseen or supervised by local nonprofits, schools, or community-based organizations.

By law states submit proposals for national service programs to the Commission. Programs are usually fiscally administered through a state entity known as the State Lead Agent, who is designated as such by the Governor, but actual program operation is usually performed by another agency (e.g., the Department of Human Services) or a local nonprofit or service organization (e.g., City Year, a 501(c)3 youth service organization based in Boston).

In all cases, participants are usually placed in service assignments in teams or individually (depending on the design of the model), and these placements are almost always in community nonprofit organizations. Two examples illustrate this point. The Delta Service Corps is one of our largest national models. Arkansas, through the Department of Human Services, is the official grantee of the Commission. The grant is fiscally administered by Arkansas and "passed through" to the other two other state partners (the

Delta Corps in Mississippi, housed in the Department of Education, and Louisiana Serve in Louisiana, administered by a state-level service-coordinating body housed in the Lieutenant Governor's Office). Despite technically being a state-operated model, all three states rely heavily on local nonprofit partners to implement the program, using them for assistance in recruitment, training, placement and supervision. All participants are placed in community-based organizations throughout the lower Mississippi Delta region, where they work on addressing the critical needs identified by the citizens of the Delta in the 1991 report of the Lower Mississippi Delta Development Commission. The program looks much like a "Peace Corps for the Delta," with participants being fully integrated in the work of local problem solving and human service delivery throughout the Delta region. Hence, the model truly reflects an effective public/private, state/Federal partnership.

Another example is in Pennsylvania, where a grant for the Pennsylvania Service Corps was issued to PennSERVE, the Governor's Office for Citizen Service. PennSERVE however, sub-contracted the program to the Pennsylvania Association of Colleges and Universities (PACU), a nonprofit consortium of institutions of higher education. PACU is responsible for all aspects of program development and administration, and it has placed almost all service corps participants in local K-12 and post-secondary schools and in variety of community-based organizations, where they are working to bring a vibrant service component to the host organizations, enabling the corps to meet and fulfill its social service mission.

Both of these examples (which readily apply to almost all National Service Demonstration Project Models) show that while the Federal government provides guidance and technical assistance for program development, the programs are locally-run organizations working to address state- or locally-identified human, educational, environmental or public safety needs. Hence, participants are very much part of the community (and of the organizational fabric represented therein) but not in any sense employees or representatives of the Federal government.

Please see the attached descriptions of the National Service Demonstration Projects for additional examples of service opportunities in selected states throughout the country.

COMMISSION ON NATIONAL AND COMMUNITY SERVICE

National Service Demonstration Models

Subtitle D of the National and Community Service Act of 1990

Subtitle D of the National and Community Service Act was created to develop and support model national service programs that engage diverse citizens ages 17 and older in full- and part-time year-round service. The programs are diverse in geography, focus and design, ranging from crew- or team-based models concentrated in one community to individual placement models scattered throughout a multi-state region. All, however, are designed to meet locally identified human, educational, environmental or public safety needs that would otherwise go unaddressed. In short, the National Service Demonstration Models seek to demonstrate that diverse citizens can serve together to improve the quality of life for all Americans.

While a main objective is to deliver needed services that make a meaningful impact on communities, the models also seek to foster leadership skills and promote positive civic attitudes among the many, often intergenerational, participants who serve. In exchange for their full year, renewable commitment, full-time participants earn a modest living allowance and a \$5,000 post-service scholarship (which may be applied for future educational or training expenses or to repay an existing federal student loan).

There are currently 15 programs operating or being developed in 18 states throughout the country. The following are brief descriptions of the models:

Models currently in operation:

• **The Delta Service Corps**
Arkansas • Louisiana • Mississippi

The Delta Service Corps is a tri-state community development model operated by Arkansas, Louisiana and Mississippi. The Delta Corps will assign approximately 1000 full- and part-time participants (over a three year period) to a variety of community-based organizations, schools and public agencies in the lower Mississippi Delta counties and parishes to implement the recommendations developed by the citizens-based Lower Mississippi Delta Development Commission.

Participants of all ages and backgrounds are placed individually but gather regularly in county or parish teams to consult and coordinate their efforts and to develop and implement signature projects. Participants perform useful services in their communities, while developing the capacity of the communities to work together to address their own needs.

• **The Peach Corps**
Georgia

The Georgia Peach Corps is a rural, crew-based and community-driven intergenerational corps that is operating in two Georgia counties. Both counties were identified on the basis of their participation in the Governor's "All Star" Community Betterment Program, in which they undertook a comprehensive community needs assessment. The 120 full-time participants are organized in 20 member teams, which rotate from education to human services to public works projects. Every Friday, the participants at each site gather together for leadership development, service learning and educational activities. All service projects are locally identified and selected by a community advisory board, composed of Peach Corps staff, participants and community members.

• **Public Allies**
Illinois

Public Allies will expand the spirit of service throughout the greater Chicago area by engaging diverse participants ages 17 to 30 in full-time national service. Participants--called "Allies"--will be individually placed in community based organizations focused on housing, health care, and youth development issues in the greater Chicago area. Participants will be organized into 10-member teams for leadership training and to develop and implement signature service projects. An innovative training program will result in an intensive leadership development experience for the Allies.

• **The Kansas Health and Safety Extension Corps**
Kansas

The State of Kansas will operate a public safety model that will address the shortage of critically needed emergency care in rural communities. Following extensive technical training, participants will be integrated into the existing emergency medical service (EMS) system as "EMS First Responders." They also will serve as community educators to train residents in CPR, First Aid and farm safety and to provide health and safety information to rural schools and public organizations.

• **Volunteer Maryland!**
Maryland

Volunteer Maryland is a state-wide "volunteer multiplier model". The project provides the link between the many people who want to volunteer but do not know how or where, with the many service organizations that lack the resources to recruit or manage volunteers successfully. Individually placed in Community-based organizations, the participants develop and implement volunteer management structures, while recruiting volunteers to expand the service impact of their host site. Volunteer Maryland will revitalize the spirit of service throughout the state by engaging thousands of Marylanders in volunteering.

• **City Year**
Massachusetts

Boston's version of an "urban peace corps", City Year enlists young people of diverse backgrounds in a year of service to the city. While more than doubling in size, City Year has maintained high quality standards and has continued to have a major impact on civic spirit and citizen action throughout Boston. With Commission and private sector backing, City Year has undertaken innovations in program design by creating five mission-based divisions focusing on distinct service areas ranging from housing and homelessness to the needs of school-aged children.

• **Health Careers Volunteer Program**
Oklahoma

The State of Oklahoma has implemented a small career development/mentorship model that has matched up to 11 AFDC recipients with health care professionals in community-based health care organizations. Health care professionals provide training and mentoring aimed at helping the participants develop relevant educational and employment skills as they serve. The emphasis on mentorship, reflection and service-learning has resulted in participants gaining valuable insight into the health profession, while rendering much needed services to the community.

• **The Pennsylvania Service Corps**
Pennsylvania

The Pennsylvania Service Corps is something of a community service "officer corps." Engaging both full- and part-time participants, the program develops leadership skills through placements in community-based organizations to increase their service capacities while forging partnerships with other organizations with common interests. Participants, who are supported with an innovative training program known as the "Univesity in Dispersion," are assigned as coordinators of service-learning programs in schools, community service directors in post-secondary institutions, and similar posts in other community service programs.

• **Language Link Service Project**
Seneca Nation of Indians

In New York, the Seneca Nation of Indians, through their Language Link project, seeks to show how National Service can help to revitalize and perserve the Seneca language and culture. Tribal elders serve as mentors and teachers to young adult participants, who, in turn, provide needed health assistance and companionship. The model serves as a bridge between the generations, engaging both elders and youth in community building.

• **Urban Schools Service Corps**
New Jersey

In the spirit of creating "One New Jersey", the Commission will support the unification of cities and suburbs through the Urban Schools Service Corps. The model will integrate national service into the urban school reform efforts of New Jersey. Full-time participants will work in some of the state's poorest

urban schools to help transform them into community centers, that will address the needs of both students and their families with activities that include after-school safe-havens and family literacy programs.

Models currently being developed:

• **The Border Volunteer Corps**
Arizona

With Commission support, the State of Arizona will plan and develop the Border Volunteer Corps (BVC), an environmental and community development initiative along the U.S.-Mexico border. In what planners call a "Border Peace Corps," the program will place participants in public and private non-profit community-based organizations devoted to improving the living conditions throughout the border region. The BVC plans to begin initial operations in Arizona next Spring and then eventually expand to include all four border states in a cooperative multi-state program.

• **The Blackfeet Public Safety Corps**
Blackfeet Tribe

The Blackfeet Tribe of Montana will develop a public safety model focused on emergency medical services and public safety education throughout the 1.5 million-acre Blackfeet reservation. Similar to the Kansas model, the program will integrate participants into the existing emergency medical system to provide needed emergency medical services and to provide public health and safety education.

• **Michigan CARES**
Michigan

With Commission support, the State of Michigan will further develop its regionally-based national service model, Michigan CARES (Communities Accessing Resources to Engage in Service). Regional teams of program developers will assist local community service action teams in developing service initiatives. Statewide coordination will ensure consistent quality standards, while community-based needs assessment and program planning will ensure local responsiveness and ownership.

• **City Volunteer Corps**
New York

With Commission support, New York's City Volunteer Corps will implement and evaluate a Community Leadership Program to supplement the existing corps program. Through an enhanced service learning curriculum, CVC will recruit and place a diverse cadre of young leaders on the front line of assessing community needs, identifying resources, planning projects, and providing services throughout the greater New York City area.

• **Northwest Service Academy**
Oregon/Washington

In an effort to address the needs of Pacific Northwest communities adversely affected by the declining timber industry, the states of Oregon and Washington, in partnership with the U.S. Forest Service will plan and implement the Northwest Service Academy (NWSA). The Academy will consist of a residential and non-residential leadership training program to engage diverse young people in addressing the needs of Northwest communities, ranging from environmental to school-based initiatives.

Question: In the legislation proposed by the Administration there are provisions which forbid any participant in the National Service program from performing any job that could be handled by a union member. Therefore, would participants be able to perform any valuable work? What kind of jobs would be available in the private sector, if any?

Answer: The legislation does not actually forbid national service participants from performing any job that could be handled by a union member, but rather stipulates that national service participants cannot perform activities that would displace existing workers. To this end, national service programs must consult with local labor organizations before placing participants. Indeed, grant applications must include assurances that local labor organizations were consulted on issues of duplication and displacement. In addition, national service program applicants must give assurances that labor organizations representing employees of service sponsors will have input in program design, recruitment, and operation.

For at least two reasons, the non-duplication and non-displacement requirements will not preclude participants from doing valuable work:

- The capacity of existing workers (unionized or not) in public or community service positions is often not adequate to meet community needs. Thus, even though college students who tutor disadvantaged high school students fulfill an educational role that could be performed by unionized teachers, this supplemental effort neither displaces those teachers, nor duplicates their work.
- Participants may do community service work in areas of expertise of non-unionized professionals. For example, pre-professional students in architecture at New York City Technical College are using their specialized skills to serve residents of a Brooklyn community. Also, in a number of law and medical schools across the country, students devote their expertise and time to community programs serving the poor.

Private sector work: National and Community Service programs are not about either creating or filling "jobs"

per se, but rather are service programs that provide services to meet communities' unmet human, educational, environmental and public safety needs. Participants can be found working with the elderly, providing assistance to flood and other natural disaster victims, renovating homes in low-income communities, tutoring and mentoring children, educating communities about health care and drug prevention, and developing community gardens, to name a few of the many service activities. A large percentage of these activities are performed in the private sector.

Question: What is the % of the student population which will be eligible under the President's plan? Are there any age limits for the loan re-payment program?

Answer: Essentially 100 percent of college students (provided they are at least 17 years old, a United States citizen or national or lawful permanent resident alien) are eligible to apply.

There are no age limits for using the educational award to repay student loans, although the award must be used within a seven-year period beginning on the date the individual completes his or her term of service.

Question: What is the total number of participants currently in programs funded by the Commission on National and Community Service? What is your cost per participant? What will be the total number of participants under the Clinton plan and the cost per participant?

Answer: For FY 93, Subtitle B-1, Serve-America has approximately 275,000 young people participating in serve-learning programs. The cost per Serve-America participant is approximately \$39. For FY 93, there are approximately 69,000 participants currently in Higher Education, Subtitle B-2, programs. The cost per participant is approximately \$84. In Subtitle C programs, there are approximately 11,600 participants for FY 93. The cost per Subtitle C participant averages between \$15,000 and \$20,000 for year-round programs. In Subtitle D for FY 92, the Commission awarded approximately \$14 million for first-year operations to seven programs which, over the course of the program year, will have enrolled approximately 600 full-time and 275 part-time participants. We, therefore, project

that the average cost per full-time equivalent is approximately \$20,700 for full-time, year-round national service programs. This figure is inclusive of Federal costs for living allowance, post-service benefits, training, operating and administrative costs.

We anticipate that there will be 20,000 participants in the national service program. The federal cost per participant will be about \$15,000. This figure includes training and technical assistance, program costs, educational benefits, stipends, and health and child care for full-time participants. The \$45 million subtitle B authorized appropriation would support approximately 500,000 Serve-America and 100,000 Higher Education participants.

SUBCOMMITTEE RECESS

Senator MIKULSKI. Well, this concludes today's hearing. We have had a good discussion on what the current needs are and the anticipated framework.

This subcommittee stands in recess until Thursday, May 13, when we are going to review the fiscal 1994 budget for the Federal Emergency Management Agency.

[Whereupon, at 11:43 a.m., Thursday, May 6, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, May 13.]

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT AND INDEPENDENT AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1994

THURSDAY, MAY 13, 1993

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10 a.m., in room SD-106, Dirksen Senate Office Building, Hon. Barbara A. Mikulski (chair) presiding.
Present: Senators Mikulski, Feinstein, and Kerrey.

FEDERAL EMERGENCY MANAGEMENT AGENCY

STATEMENT OF JAMES L. WITT, DIRECTOR

OPENING STATEMENT OF SENATOR MIKULSKI

Senator MIKULSKI. The subcommittee will come to order. Today, the subcommittee meets to review the fiscal year 1994 budget request for the Federal Emergency Management Agency, and really to listen to the new FEMA Director's vision for this Agency.

Mr. James Lee Witt, this is your first appearance before this subcommittee and we welcome you most warmly and cordially. We know that you served President Clinton when he was Governor of Arkansas and you were head of the Arkansas Office of Emergency Services. You actually come with the hands-on experience of running an emergency service operation. We are confident that you are going to continue to serve the President well in your new role as head of FEMA and we look forward to your leadership.

FEMA has been an agency in search of capable leadership for far too long. A lack of leadership, coupled with emphasis on nuclear attack and excessive political appointments, has rendered FEMA virtually incapacitated in the past. While the vast majority of men and women who work at FEMA are dedicated civil servants, they are hard working, they have been trying to meet the disasters as they occur, but they have often been forced to work in a system that needs reorganization and revitalization and refocus.

No story has gripped the American people more than last year when Hurricane Andrew hit. We saw firsthand how an act of nature could so quickly and thoroughly devastate the lives and communities of thousands of our fellow Americans. Unfortunately, the Federal Government's initial response, run through FEMA, was

widely seen by many of Hurricane Andrew's victims as a disaster itself.

FEMA is called upon to provide assistance after hundreds of disasters. When dealing with relatively small disasters or in small towns, the Agency has worked well in helping towns and communities recover. But in the last 4 years, the United States has faced more than its normal pattern of disasters that are routine.

Now, I do not think any disaster is routine, and whether it is a small disaster and hits your hometown, it is a disaster. But at the same time, while we are looking at those disasters that can be normally handled by local and State governments with modest Federal support, we have suffered from two of the worst hurricanes to strike this Nation in this century. We were rocked by a major earthquake in northern California and one of our great American cities was hit by a civilian disturbance.

After each event, FEMA was widely criticized, particularly in the eco disasters, for its lethargic and bureaucratic response to human need. Following Hurricanes Hugo, Andrew, and Iniki, the President ultimately turned to the U.S. military to take over the Federal Government's initial disaster response. The very nature of FEMA's responses to the people of Florida—slow, cumbersome, and often at times confusing—led many to call for the Agency's abolition altogether or to give it to the military.

While I do not believe that FEMA should be abolished, I do believe much needs to be done to make FEMA fit for duty. I do not believe the U.S. military should assume the entire risk. They have other things to do around the world. But we want them, if the President of the United States gives them a 911 call, to be able to move in.

Mr. Witt, we know that you have already initiated many important changes at FEMA, but more needs to be done. In my view, FEMA needs to be reoriented. It needs a risk-based strategy. It needs to focus on the risks that will primarily affect American people in their homes and in their own communities. And we want an all-hazards agency and not just line items here. Responding to a disaster is not about nifty little organization charts; it is plans on the ground and ready to go.

We want FEMA to be able to move quickly when disaster strikes and we want a governor to be able to assess damage, but with the help of the Federal Government if other things are wiped out. And we need to provide resources at the local level promptly, efficiently, with common sense and with compassion.

I believe in the three R's, whether when I did my homework as a little girl or now when I am doing my homework as a U.S. Senator. And the three R's here are readiness—we need to do drills and be ready and have the resources to do it. If a disaster hits, we have to be ready to respond with the swiftness and promptness that follows almost the doctrine of flexible response that served the military, and those techniques could be applied to disaster.

And then, when the TV cameras leave and the debris and broken hearts and the shattered homes and splintered dreams are still there, then FEMA and the U.S. Government must reach out its hand to a governor, to a mayor, and say, "We are going to help you

rebuild. We are going to help you restore, and we are going to be there on a sustained basis."

That is what I know you and I want to accomplish for FEMA and we look forward to being able to work with you.

Today, we want to review your budget. We want to hear what you have now this year and what you think you will need in the future. I note that FEMA's budget request of just about \$800 million represents very little change from this year's budget, with the exception of some cuts in defense-related spending. We are concerned that the budget request, while relatively modest, does not allocate resources based on risk.

We recognize the budget was not developed by you, Mr. Witt, so we will ask you for your views on whether any adjustments are needed and what you would recommend to this committee that we provide in the way of resources so that you can practice those three R's. And when the President turns to FEMA to respond to a 911 call that he received from a governor, we are going to be as fit for duty as our U.S. military.

With that, we turn to you, Mr. Witt.

Mr. WITT. Thank you, Madam Chair. I am honored to be here as the Director of the Federal Emergency Management Agency. This hearing is my first opportunity to appear before you to present testimony on the fiscal year 1994 budget request for the Agency.

Senator MIKULSKI. Mr. Witt, I am going to ask you to pull that microphone closer. Mine is on high power. Of course, I have no accent and neither do you, but it does help for both of us to use the microphone.

Mr. WITT. In the interest of saving time, I ask that my full written statement be entered into the record.

Senator MIKULSKI. With unanimous consent, so ordered.

Mr. WITT. The written statement will provide the details of the program supported by the budget request. I will use my oral statement to summarize my vision for the renewal of FEMA and the Nation's emergency management system, plans for achieving this renewal, and our accomplishments to date. In this way, I hope that you will share my excitement about the opportunities we have to reduce the impact of disasters on victims and their communities and, as a result, disaster assistance costs.

STATEMENT SUMMARY

I believe that we have a unique opportunity to take a giant step forward in improving emergency management at all levels. I believe it is time for us to look at emergency management and FEMA in a different way to see how we can integrate and focus all of the programs of the Agency to support a single mission, then to assign and utilize our resources to execute this mission.

It is time to break down the artificial program barriers and strive to have our programs complement and mutually support our overall mission in emergency management. It is a time of opportunity, change, and renewal, and I hope that you will favorably consider our budget request as a first step toward this new FEMA.

But first, I would like to tell you about my recent trip to Dade County, FL. I have been to many disaster sites and I have seen more than my share of damage and human suffering. But I have

never seen anything like the devastation caused by Hurricane Andrew. During my visit, I identified several problems severely affecting the victims and the rebuilding process, and I want to share two of those problems with you.

I was most affected by the conditions of the people living in St. Anne's tent city. These victims of Andrew were living in tents that leaked and had to be evacuated twice because of storms. It was not difficult to imagine how miserable their lives would have been when the rainy season began.

Another issue of great concern was debris removal. I saw houses that had been rebuilt but still had piles of debris around them. And imagine the frustration of these homeowners, after all they had been through, to be unable to move back into their homes. I was determined to help these victims.

Since my return from Florida, I have taken the following actions to help these people.

We worked with Dade County to put more debris cleanup contractors to work, especially to pick up the debris around the rebuilt homes. The tent city has been closed and virtually all of the families have been provided FEMA trailers or other vouchers for housing. We have extended the deadline for disaster assistance applications to provide an opportunity for all victims to apply for the assistance for which they are eligible.

This trip reinforced my goal to make FEMA an agency of people helping people.

VISION FOR FEMA

Now I would like to share my vision with you—my vision of the national emergency management system and FEMA's role within that system.

First of all, the system will be based on a comprehensive, all-hazards emergency management approach which includes mitigation, preparedness, response, and recovery. I believe that each State should plan and prepare for hazards, the risks most likely to affect their communities.

At the national level, we must adapt to changing needs and national priorities, maintain a strong base for responding to the hazards we face, and concentrate on reducing the risks of those hazards. I call this an all-hazards, risk-based emergency management program, and its foundation is mitigation.

By mitigation I mean that we must do everything we reasonably can to reduce the effects of disasters. Mitigation will not only save lives and reduce property damage, but it will also preserve the economy in the disaster area. This will reduce disaster assistance costs to everyone.

I believe the emergency management system must be implemented through a nationwide partnership, a partnership of Federal, State and local officials, private organizations, and, of course, the Congress. By working together we can achieve an emergency management capability that is much greater than the sum of its parts. I believe it is important for these partners to train together and jointly participate in realistic exercises. If we are going to work together on disasters we must first train and exercise together. The

disaster site is no place to be reading the Federal response plan for the first time.

In addition, I want to make the national disaster medical system a more effective part of the partnership. Developing this capability is critical to improving our catastrophic response efforts.

These concepts represent a few elements of my vision. Now I would like to review some of the actions we have taken to begin implementing this vision.

One of the first things I did as Director was to review the statement that I made during the confirmation process and prepare a checklist of action items. These have become the priorities driving the renewal of FEMA and our proposed improvements to the Nation's emergency management system.

First is the FEMA mission and reorganization. As I have said, this is a time of change, a time of reform. FEMA cannot afford to continue with business as usual. I think it is critical for us to refocus our efforts to reflect the changes in the world, the changes in emergency management, and the needed changes in FEMA. To accomplish this, we have initiated a project to review and revise FEMA's mission, organization, and policies.

In reviewing FEMA's mission and organization, I have two guiding principles. One, nothing will be changed for the sake of change, but only to do what is necessary to achieve our goals. And two, the ideas of employees, the administration, Congress, and the State and local officials, as well as those of volunteer communities, will be sought throughout the process.

To date, I have sent letters to all employees inviting them to participate and make suggestions. We will also use several existing and ad hoc employee committees to develop ideas and recommendations. We have called a meeting with the State directors in Emmitsburg in June to solicit their ideas and input.

In addition, we are analyzing all of the recent reports concerning FEMA that have been completed by various organizations. These reports contain numerous recommendations that merit serious consideration. I have met with most of these organizations and will continue to solicit their input as we go forward with this process.

Thus, we are using an open approach for this project. FEMA's mission and organization will come from the people, the people who are responsible for the Agency and the people served by the Agency.

On disaster response, I am determined that FEMA will be ready and prepared to respond to any disasters that occur during my administration. Disasters are difficult to predict, and a major one could occur at any time. Therefore, many of my first actions as FEMA Director were associated with improving our response capabilities.

Some of the actions we have underway include conducting a preliminary review of our response readiness in the 22 coastal States to determine what our current capabilities are and what we need to do to prepare for the rapidly approaching hurricane season.

As a followup to this review, I will be meeting with the State directors of these States before the end of May to discuss how we can assist them should a hurricane occur. We are updating our Federal

response plan, and I have talked with representatives of our other Federal agencies involved in carrying out this plan.

I have had extremely productive meetings with Secretary Cisneros, Secretary Pena, and Acting Secretary of the Army Shannon to discuss our mutual responsibilities in the event of a major disaster. In response to the numerous recommendations concerning damage assessment, we are in the process of developing a rapid deployment team approach—including Federal, State, and local officials—to doing our damage and situation assessments. We are also looking at how we can preposition resources to ensure that vital equipment will be available as rapidly as possible.

Finally, we have assigned a FEMA employee to work with the Governor and emergency management director before any event and to be at the State emergency operations center immediately upon occurrence of a disaster warning or event. This new approach clearly helped us last weekend as we worked through the night with the Governor and his staff dealing with the extensive flooding in Oklahoma. We were there to help, and it worked.

EMERGENCY MANAGEMENT PARTNERSHIP

On the new emergency management partnership, for FEMA to do the job demanded of it we must have in place an effective nationwide emergency management system. I am committed to building a partnership with other Federal agencies, private organizations and, most important, State and local officials. We have made a start with the following actions.

As I mentioned earlier, we will be meeting with the State directors in Emmitsburg in June to solicit their ideas and input for the new approach. I have talked with many of them about moving toward a risk-based, all-hazards emergency management system and they are very supportive.

We are initiating the development of a draft interstate compact and will encourage the States and territories to adopt it as a mutual aid agreement. We want to work with Congress to ratify these agreements at the appropriate time.

We are preparing a draft model agreement that defines how FEMA and each State and territory will work together in the event of a warning or major disaster, especially during the initial period after the warning or disaster. These agreements will then be individually negotiated with each State and territory.

Most importantly, I believe that States should be given the flexibility to establish risk-based, all-hazards programs to meet their specific needs and priorities. Our requirements should be performance based and focused on program accomplishments. While we want to add flexibility, we will also stress accountability.

Finally, we are asking headquarters and regional personnel to spend as much time as possible working with State and local organizations. This practice will allow us to become better acquainted with our counterparts at the State and local levels and to better understand their needs and operations.

Moving on to talk about mitigation, I believe that mitigation must be emphasized. Although it is clear that mitigation makes good sense, it often is not a priority for communities. We must change this mindset.

From Hurricane Andrew to Loma Prieta to the floods I experienced in Arkansas, buildings, homes, and schools that are built better withstand hazards better. I plan to incorporate mitigation into all of FEMA's programs and to encourage State and local emergency managers to work with building officials and inspectors to make sure codes are adopted, put in place, and, most importantly, enforced.

We need to develop a national mitigation strategy that provides cost-effective techniques and tools, as well as incentives to encourage mitigation measures. I believe we need to make the commitment now to invest in the long-term payoff of mitigation. It makes common sense and it is good economic sense.

RENEWAL OF FEMA

I have left one of my most critical priorities to last; that is, to revitalize the Agency and improve employee morale. One of my first acts as Director was to greet each FEMA headquarters employee as they reported for work the next morning. I wanted to let them know in the clearest possible way that I will be listening to them and including them in the process of rebuilding FEMA.

Additionally, I have taken the following actions. I have implemented an open-door policy; I have set aside time each week for FEMA employees to talk with me about their ideas on how we can improve emergency management in this country and make FEMA an agency we can be proud of. I will be holding employee-listening sessions that will focus on the issues or problems we are facing. Our initial session will look at their ideas on the mission of FEMA.

And I have met with representatives of our union at headquarters. I told them during the meeting that I want their ideas and support in making FEMA a better agency and a better place to work.

This is just the start. I think it is important to remember that our theme of "people helping people" applies within the Agency as well as to the outside world.

The priorities I have laid out are challenging. They will require that we work together in different ways, that we integrate our efforts, explore new ideas. We must change the way we do business. I can assure you I am committed to making FEMA one of the most effective and respected agencies in this Nation.

FISCAL YEAR 1994 BUDGET REQUEST

Let me now turn to our budget request for 1994. The budget request is for a total appropriation of \$797 million, which includes \$292 million for the disaster relief fund. In this budget, Federal planning and response, resources of the former Federal preparedness and former civil defense programs, are grouped under a single budget activity. I believe that our efforts to refocus our mission and organization will probably result in a very different budget structure for fiscal year 1995 and I want to work closely with the subcommittee on this.

Highlights of our budget request include \$121 million for Federal planning and response; \$120 million for State and local planning response; \$34 million for fire prevention and hazard mitigation;

\$24 million for earthquake, hurricane, and dam safety programs; \$7 million for emergency management training; and \$62 million under the National Flood Insurance Program.

Madame Chair, in March of this year the eastern part of the Nation was hit with one of the most severe blizzards ever experienced. Many State and local officials were overwhelmed in their attempts to respond to the snowstorms. They turned to the Government for help.

In a nationwide news conference, the President told the American people that FEMA was prepared for, and responded immediately to, the needs created by these blizzard conditions. This, Madam Chair, members of the subcommittee, is the Government supporting citizens of this country in their times of need.

I hope I have made clear my commitment to use the funding you appropriate to establish a strong risk-based, all-hazards emergency management system. I cannot meet this commitment alone. I need the support of FEMA personnel, State and local officials, and you, the Congress. I ask each of you to be open to our new ideas and approaches and to support the renewed FEMA and the new emergency management partnership. I believe the budget we are presenting today will provide a first step toward a new FEMA.

Madame Chair and members of the subcommittee, this concludes my oral remarks. I will be pleased to answer any questions from you and members of the subcommittee. And if I cannot answer any of your questions, which I may not be able to, I will be pleased to provide them to you in writing.

[The statement follows:]

STATEMENT OF JAMES L. WITT

Madam Chair and members of the Subcommittee, I am honored to have been nominated by the President, and confirmed by the Senate, to be Director of the Federal Emergency Management Agency (FEMA). This hearing is my first opportunity to appear before you to present testimony on the budget request for the Agency. I look forward to working closely with this Committee because I believe we all share a commitment to the American public and FEMA plays a very critical role in saving lives, protecting property and ensuring the social and economic viability of our communities.

Today, in addition to addressing our budget submission, I will focus on significant issues surrounding FEMA and its future. My testimony will include thoughts on my vision for the renewal of the Agency and the Nation's emergency management system.

In this way I hope you will share my excitement about the opportunities we have to significantly reduce the impact of disasters on victims and their communities and, as a result, reduce disaster assistance costs.

I believe that we have a unique opportunity to take a giant step forward in improving emergency management at all levels of government. I believe it is time for us to look at emergency management and FEMA in a different way. To see how we can integrate and focus all of the programs of the Agency to support a single mission. It is time to break down artificial program barriers and strive to have our programs complement and mutually support our overall mission in emergency management. It is a time of change, opportunity and renewal.

I hope that this Committee will favorably consider our budget request as a first step toward the new FEMA.

HURRICANE ANDREW IN SOUTH FLORIDA

First, I would like to tell you about my recent trip to Dade County, Florida. I have been to many disaster sites and have seen more than my share of damage and suffering. But, I have never seen anything like the devastation wrought by Hurricane Andrew in South Florida. During my visit, I identified several major problems severely affecting victims and the rebuilding process.

I was most affected by the conditions of the people living in the St. Anne Tent City. These victims were living in tents that leak and have had to be evacuated twice because of storms. It was not difficult to imagine how miserable their lives would have been when the rainy season starts in South Florida.

Another problem of great concern was debris removal. I saw houses that have been rebuilt, but could not be occupied because of piles of debris around them. Some of these piles were as high as the houses and have been there so long that weeds are growing out of the debris.

I returned from Florida determined to help these victims. Since my return from Florida, I have been working with my staff to determine what we can do to assist these people. I am happy to report that we have been able to take several actions to address the situation. First, working with Dade County we have put in place additional debris contracts to pick up debris around the rebuilt homes. Second, we have underway a housing effort that has replaced the tent city. All of the families needing assistance are now in FEMA provided trailers or have been provided alternative housing assistance. Third, we have extended the deadline for disaster assistance applications just to make sure that none of the victims who are eligible for assistance are cut off from that assistance.

I wanted to tell you about that visit today because it is just one more reminder of what emergency management is all about. Disasters are terrible events. They injure and kill people, destroy their property, steal their jobs, and disrupt their lives. Emergency management agencies exist for only one reason—to serve the people.

So today, before we get into our 1994 Budget Request I would like to talk with you about my vision of FEMA, my vision of the Nation's emergency management system and the role of FEMA in that system.

I believe the overall mission of FEMA is to provide the leadership and support for a risk-based, all-hazards emergency management program which includes mitigation, preparedness, response and recovery.

This mission is not new, but I feel strongly that it needs to be refocused and redefined to reflect the changes in the world, the changes in emergency management, and the real risks that we face.

Therefore, I have established the following priority goals: a) to review the mission and organization of the Agency; b) to effectively respond to any disaster; c) to establish risk-based, all-hazard national emergency management partnership involving FEMA, other Federal agencies, volunteer and private organizations and, most importantly, State and local governments; d) to establish mitigation as the foundation for the Nation's emergency management system; and e) to revitalize FEMA and improve employee morale.

In my testimony today, I would like to give you a progress report on how we are proceeding to accomplish these goals.

MISSION AND ORGANIZATION

As I have said this is a time of change. FEMA cannot afford to continue with business as usual. I think it is critical for us to refocus and redefine our efforts to reflect changes in the world, changes in emergency management and needed changes in FEMA. I have initiated a project to review FEMA's mission, organization and policies. I think it is critical that the employees of FEMA, our partners at the State and local level and the Congress play a part in this review. To date, I have sent a letter to all personnel informing them of the project and inviting their participation. In addition, we are using several existing ad hoc committees in FEMA to develop ideas and recommendations. I have already met with representatives of many groups including the fire constituency. I will be meeting with the State Directors in June to collect their ideas and thoughts and will continue to look for opportunities to solicit input from our various constituent groups. I am committed to an open approach.

And second, as you are well aware, there have been several reports recently completed relative to FEMA and the response to Hurricane Andrew. The National Academy of Public Administration (NAPA), the FEMA Inspector General (IG), and the General Accounting Office (GAO), along with several internal reports provide us with numerous recommendations which merit our close review and consideration. We are continuing to analyze these reports and they will weigh heavily on our mission review. Also I have personally met with NAPA and the GAO to discuss their reports and have talked with NAPA relative to how they can assist us through this review period.

In reviewing FEMA's mission and organization, I have two guiding principles: (1) nothing will be changed for the sake of change but only to do what is necessary to achieve our goals; and (2) the ideas of employees, the Administration, Congress,

State and local officials and the volunteer community will be sought throughout the process.

PREPARE FOR AN EFFECTIVE RESPONSE

I am determined that FEMA will be as prepared as possible for any disasters, and especially any major disaster, that occurs during my Administration. This is especially important in light of the upcoming hurricane season. In response to the numerous recommendations on damage assessment, we are in the process of developing a more rapid team approach, Federal, State and local, for our damage and situation assessment activities. This new approach will be incorporated into the Federal Response Plan revision efforts currently underway. We believe this will allow us to quickly determine the severity of the event and provide relief immediately and effectively to meet the needs of the localities and the States. I am also reviewing opportunities to effect pre-deployment of assets and supplies to ensure that vital equipment will be available as rapidly as possible after the event.

I believe the Federal Response Plan is a very important part of the Nation's emergency management system. But I also believe, in order for the Plan to be effective, a process must be put in place that allows the plan to be continually revised. We need to incorporate lessons learned from its use in actual disasters, suggestions from State and local and private agency personnel and from exercises of the Plan's components. We have started such a process and will combine this with encouraging all personnel who will be involved in response and recovery to complete training in application of the Plan. And, once again, I think the training should be done jointly at the Federal, State and local levels.

Finally, we have assigned a State liaisons to work with the Governors and Emergency Management staffs before and to be at the State emergency operations center immediately upon occurrence of a disaster warning or event.

NATIONAL EMERGENCY MANAGEMENT PARTNERSHIP

For FEMA to do the job demanded of it, the Nation must have in place an effective nationwide emergency management system. I am committed to building a strong emergency management partnership with State and local agencies, private organizations, and other Federal agencies. The following key initiatives are underway.

A good working relationship between FEMA and state and local emergency management agencies is essential and I plan to strengthen this relationship by making them key members of FEMA's emergency management team. As I noted earlier, I will be meeting with the State directors in June to help in the development of the partnership itself and the associated emergency management system. We also plan to sit down with each State and territory to draw up an agreement on how we will operate together. I believe the States should be given the flexibility to establish risk-based, all-hazard programs to meet their specific needs and priorities. I believe our program requirements should be performance based and focused on accomplishments. While we will add flexibility we will also stress accountability. In addition, we will be looking at how we approach training and exercises. It's critical for emergency managers at the Federal, State and local levels to train and exercise together using realistic scenarios so we can perform as a team when the real event happens. We have initiated the development of a draft interstate compact, and will be encouraging the States and territories to adopt it as a mutual aid agreement. We want to work closely with Congress to ratify these documents at the appropriate time.

At the Federal level of the partnership, I have met with the Catastrophic Disaster Response Group to talk with them about proposed changes to the Federal Response Plan and to ensure them that they will be the focal point for FEMA coordination within the Federal government regarding planning for and response to a major disaster.

The final point I wish to make about the new partnership relates to the National Disaster Medical System or NDMS. I plan to work with the other involved agencies to determine how NDMS can become a more effective component of the emergency management partnership. I think developing this capability is extremely important to our response efforts.

ACCELERATING MITIGATION

While this Nation—and FEMA in particular—must expand our efforts to improve the preparedness, response and recovery, we must emphasize mitigation. I believe that establishing mitigation as a primary foundation of emergency management nationwide will decrease the demands for disaster response. Buildings, homes and

schools that are built better withstand hazards better. We have many examples from Hurricanes Andrew and Iniki, the Loma Prieta earthquake and from floods I experienced in my own State of Arkansas, that support this premise. The effectiveness of mitigation is only limited by our ability to apply solid engineering and design practices and to pursue logical, environmentally sound land-use development principles. I plan to incorporate mitigation into all FEMA programs and to encourage State and local emergency managers to work with building officials and inspectors to make sure codes are adopted, put in place and most importantly, enforced. We will be looking at strengthening our existing mitigation programs in flood, earthquake and hurricane. Finally, we would like to develop an overall national mitigation strategy that will identify cost-effective tools and incentives to encourage mitigation actions. I believe we need to make the commitment now to invest in the long-term payoff of mitigation and FEMA should lead the way. It is simply a matter of humanity and good economic sense.

IMPROVING EMPLOYEE MORALE

As I said in my confirmation testimony, the people of FEMA are its most important asset. There are many hard working, dedicated people in this Agency. It will be my personal challenge to restore their morale and to ensure that lines of communication between employees and my Administration are always open. As a start at this, one of my first acts as Director was to greet each Headquarters employee as they reported to work. I wanted them to know, in the clearest possible way, that I will be listening to them and including them in the process of rebuilding the Agency.

I have instituted an "open door" policy where I have set aside time each week for employees to talk with me about their ideas on how we can improve emergency management in this country and make FEMA an agency we can all be proud of. I will be holding employee listening sessions that will focus on specific problems facing the Agency to solicit employee input to solving that problem. I have met with representatives of our union at FEMA and told them I will meet with them at their request to solicit their support and ideas on how we can make FEMA better. This is just a start. I think our theme of "people helping people" applies within the Agency as well as to the outside world.

The goals and priorities I have laid out are challenging. They will require that we work together in a different way, that we explore innovative ideas and approaches, that we not do business as usual. I can assure you FEMA will not be doing business as usual. The Congress cannot afford it, the Administration cannot afford it, but most importantly, the people of this nation cannot afford it. I am committed to making FEMA one of the most respected agencies in this nation. I request your support and your commitment. I believe the funds we are requesting can provide the first step toward the renewal of FEMA.

OVERVIEW OF THE 1994 BUDGET REQUEST

FEMA's budget request for 1994 reflects a change in the budget structure to facilitate the delivery of our planning, response and recovery programs. We have grouped openly under a new single budget activity, Federal Planning and Response, resources of the former Federal Preparedness program with the former Civil Defense Planning, Exercise and Response program and Telecommunications program.

Our request for all appropriations totals \$796,846,000, which includes \$292,000,000 for the Disaster Relief Fund. We are requesting budgeted outlays of \$1,862,051,000 and our like requirements are estimated at 2,677 workyears. Compared to 1993, the 1994 appropriations request is less by \$30,557,000, outlays are \$1,304,589,000 lower, and workyears are fewer by 42.

The budget request for our operating accounts is \$388,476,000, a decrease of \$24,176,000, or 5.9 percent below 1993. The request includes funds to support the full complement of workyears, provide for training and exercises in support of the Federal Response Plan, and meet uncontrollable cost increases, including a GSA rent increase but only the three-month 1994 cost of the 1993 pay increase.

Changes in the 1994 budget request

FEMA'S 1994 budget request proposes some significant changes from the 1993 enacted levels. Our defense related activities have been decreased \$27,524,000 with reductions taken from both the former Federal Preparedness and Civil Defense activities.

For the Disaster Relief Fund, we have requested \$292,000,000, the 1993 enacted amount. This funding level represents the historical annual average obligation level of \$320,000,000 referred to in the 1991 Supplemental Appropriations Act, less an-

ticipated regulatory savings of \$28,000,000. The request for Emergency Food and Shelter represents a 4.7 percent decrease from the 1993 enacted funding level.

The request for domestic funded operating programs is above 1993 enacted levels. For example, funding for the Office of Inspector General is increased by \$800,000, or 20 percent, to restore its capability for performance audits, inspections and investigations to its 1992 staffing levels.

As previously indicated, we as an agency must invest heavily in both training and exercises to ensure our capability to respond to and recover from emergencies and disasters. We have requested in our Salaries and Expense appropriation some \$3,980,000 to meet these needs in support of the Federal Response Plan. Consequently, our travel accounts show increases over 1993 levels, which are at minimal levels for 1993 due to the prior funding reductions.

Changes to the 1994 budget structure

FEMA's 1994 request proposes budget structure changes for the Federal Preparedness and Civil Defense activities. We have realigned budget resources under these activities into two new activities as follows. The Federal Planning and Response activity includes three fully discussed programs—Emergency Planning and Readiness, Emergency Response, and Emergency Support Services. The second activity, State and Local Planning and Response, consists of two programs—Emergency Planning and Response, and Instructional Programs and Systems. There is also a National Security program under Federal Planning and Response, whose requested funding represents only 6.2 percent of the activity total.

We have also taken steps in other program areas to revamp the existing budget structure into a more effective presentation. Our purpose for proposing these changes is twofold: to reflect better the interrelationships between existing programs, and to increase management flexibility in applying scarce resources.

For example, the Training and Fire Programs activity has been split into two activities, Fire Prevention and Hazard Mitigation, and Emergency Management Training. The Fire Prevention and Hazard Mitigation activity combines the resources of the U.S. Fire Administration and the National Fire Academy into three programs: NETC Site Administration, Fire and Hazard Mitigation, and Instructional Programs and Systems. The Emergency Management Training activity, in turn, includes three programs, NETC Site Administration, Instructional Programs and Systems, and Federal Response Training.

We have identified a new budget activity at the Operating Account level for Regional Program Direction. It is at the regional level that most of our programs are administered and executed, and where Federal, State and local governments interact. We believe that treating Regional Program Direction within the program arena is more descriptive of the actual work undertaken versus its present inclusion within the Management and Administration activity.

These changes to the budget structure should be considered as interim. After we have completed our review of FEMA's mission and organization, we will reexamine our budget structure. We anticipate that our 1995 budget structure will reflect the changes made as part of that process.

Federal planning and response

For 1994, FEMA requests \$121,453,000 and 967 workyears, a decrease of \$15,616,000 and 56 workyears from 1993, for the new Federal Planning and Response activity. This new activity integrates the plans, personnel, equipment, skills and technologies associated with the former Federal Preparedness activity with the national networks and the Federal response functions of the former Civil Defense activity.

We are positioned to meet our responsibilities in Federal Planning and Response at the budget levels requested. Changes in the world situation have prompted significant reductions in the former Federal Preparedness activity and has led to initial steps to utilize these resources to complement existing Federal response programs. These resources provide for the continued development and maintenance of a base capability at the Federal level to prepare for and respond to the consequences of disasters, regardless of cause.

State and local planning and response

The request for the State and Local Planning and Response activity is \$120,037,000 and 237 workyears, with funding \$11,908,000 or 9.0 percent lower than 1993. These resources support the development and maintenance of a State and local emergency infrastructure for both emergency preparedness and response, plus training and education programs for emergency management preparedness. Our request includes the elimination of the Individual Mobilization Augmentee program (600 part-time military reservist positions) and the Radiological Defense Offi-

cer program (51 State positions), and the institution of a 75 percent /25 percent cost sharing arrangement for State level emergency planners (formerly Population Protection Planners) and Radiological Instrumentation and Calibration Technicians.

Fire prevention and hazard mitigation

FEMA requests \$34,263,000 and 134 workyears, a modest funding increase of \$57,000 over 1993, for the Fire Prevention and Hazard Mitigation activity. These resources provide for the development and delivery of programs aimed at personnel engaged in fire prevention and arson control, including public fire safety education; Federal fire policy and coordination, including hazardous materials preparedness and emergency response, firefighter health and safety, including management of pre-hospital emergency medical services; fire data collection, analysis, and dissemination; and fire and rescue training and education.

Earthquake and other natural hazards

The request for the Earthquake and Other Natural Hazards activity is \$23,092,000 and 69 workyears, with funding \$36,000 higher than 1993. These resources support FEMA's statutory responsibilities under the National Earthquake Hazards Reduction Program which include lead agency responsibilities, a comprehensive mitigation program of development of seismic design and construction techniques, public education and State capability development. These funds also support multi-faceted programs in hurricanes and dam safety preparedness and mitigation.

Technological hazards

FEMA requests \$11,525,000 and 99 workyears, a funding increase of \$1,048,000 or 10.1 percent over 1993, for the Technological Hazards activity. These resources provide for the Radiological Emergency Preparedness (REP) program, whose purpose is to assess the adequacy of State, local and utility emergency planning and preparedness around fixed nuclear power facilities. Under our REP program, we collect user fees charged to utilities for services rendered, which are credited as offsetting receipts directly to the Treasury.

Funding for the Chemical Stockpile Emergency Preparedness program (CSEPP) is on a reimbursable basis from the Department of the Army. FEMA provides funds to ten States, eight of which contain chemical weapons stockpiles, and two adjacent States with more limited threats. Our Agency reviews and approves funding for States requesting assistance, allocates available funds, and is then reimbursed by the Army.

Flood mitigation and insurance

The request for the Flood Mitigation and Insurance activity is \$62,173,000 and 208 workyears, with funding \$103,000 higher than 1993. These resources support flood mitigation and insurance operations, and are funded through fees levied on insurance policyholders, which are reimbursed from the National Flood Insurance Fund. Flood plain management and insurance program activities are managed by the Federal Insurance Administration.

Disaster assistance (S&E)

FEMA requests \$20,680,000 and 302 workyears, a funding increase of \$112,000 over 1993, for the Disaster Assistance (S&E) activity. These resources provide for program direction and administration of the Disaster Relief Fund, which includes the processing of all requests for disaster assistance and the program support and staffing for the delivery of assistance in Presidentially declared emergencies and disasters.

Emergency food and shelter (S&E)

The request for the Emergency Food and Shelter (S&E) activity is \$258,000 and 5 workyears, with funding \$2,000 higher than 1993. These resources support program administration and the funding of activities coordinated by the National Board for the Emergency Food and Shelter program.

Regional program direction

FEMA requests \$10,298,000 and 120 workyears, an increase of \$53,000 and 10 workyears over 1993, for the Regional Program Direction activity. These resources provide for direct support to the entire range of FEMA programs implemented in the field. This activity accurately identifies the functions, personnel and resources dedicated to executive direction and program management in our regional offices. The request includes 10 workyears for public information officers who are critical at the regional level to ensure timely and accurate dissemination of public interest information before, during and after emergencies and disasters.

Emergency management training

The request for the Emergency Management Training activity is \$7,144,000 and 12 workyears, with funding \$1,985,000 or 38.5 percent higher than 1993. These resources support the development and delivery of resident and field training and education programs for emergency management preparedness, response and recovery. The substantial increase in funds requested is for direct support of implementation of the Federal Response Plan through increased training and exercising.

Management and administration

FEMA requests \$39,726,000 and 361 workyears, an increase of \$455,000 and 5 workyears over 1993, for the Management and Administration activity. These resources provide for consolidated support and operating costs for FEMA, as well as salaries and related expenses for the following central offices: Director's Office, External Affairs, General Counsel, Management Services, Financial Management and Information Services. This activity funds most non-personnel related administrative costs; i.e., facility rental, utilities, and maintenance services. The increases in resources and workyears are designed to augment the Director's Office and General Counsel.

Inspector general

The request for the Inspector General (IG) is \$4,800,000 and 70 workyears, with funding \$800,000 or 20 percent higher than 1993 and total workyears equivalent to the 1992 level. Through its activities, the IG seeks to prevent and detect fraud and abuse and to promote economy, efficiency and effectiveness in Agency programs and operations. These resources support a baseline capability needed for inspections, audits and investigations.

Disaster relief fund

Under provisions of the Stafford Act (Public Law 93-288, as amended), the President is authorized to provide Federal assistance to supplement the efforts and resources of State and local governments in response to major disasters and emergencies. Under Executive Order 12148, the Director of FEMA has been delegated the responsibility for administering the President's Disaster Relief Fund, whose major activities include Disaster Assistance.

An appropriate funding level for the Disaster Relief Fund, which is a no-year fund, is difficult to determine. Annual obligations from the Fund are ultimately a function of the total number, frequency and magnitude of disasters occurring during any given year and the carry-over requirements from previously declared disasters or emergencies. This funding level represents the historical annual average obligation level of \$320,000,000 referred to in the 1991 Supplemental Appropriations Act, less anticipated regulatory savings of \$28,000,000. The request for Emergency Food and Shelter represents a 4.7 percent decrease from the 1993 enacted funding level.

We track systematically the status of the Disaster Relief Fund to advise on how funding requirements change as we progress through this and future years. As of this date, given the high incidence and costs of recent disasters, we would expect to exhaust currently available resources in the Fund and the requested amount prior to the end of fiscal year 1994.

Emergency food and shelter

FEMA is requesting \$123,000,000 to continue to support emergency food and shelter programs for the homeless through a national board of private charities. This funding level reflects a decrease of \$6,000,000 from the 1993 enacted level, or approximately \$520 for each of the 11,500 local recipient organizations.

National flood insurance fund

FEMA's National Flood Insurance Program (NFIP) is the Federal Government's leading natural hazards mitigation program with its flood plain management performance standards adopted and enforced in over 18,000 communities, 50 States, and 54 Federal agencies. Buildings that meet or exceed those standards have experienced 83 percent less damage than those failing to meet the standards. The goals of the program are (1) to make flood insurance readily available to people living in participating communities, (2) to help people living in flood-prone areas reduce future flood losses, and (3) to continue to operate a fiscally sound flood insurance program. Since 1986, all funds supporting mitigation activities have been provided by those individuals who purchase NFIP flood insurance policies. Currently, \$18 per policyholder is set aside for this purpose.

The Omnibus Reconciliation Act of 1990 authorized the NFIP through September 30, 1995. We believe that the National Flood Insurance Fund remains fiscally sound with reserves of \$174,000,000, even in the face of the claims paid due to recent

storm and disaster activity. The NFIP's policyholder base is now at 2,616,000, an increase of 69,000, or 3.0 percent, over 1992. At the end of fiscal year 1992, 88 companies were actively writing policies in the program, representing over 2,200,000 policies or 84 percent of all flood insurance policies.

National insurance development fund

The Omnibus Reconciliation Act of 1990 also authorized the Federal Crime Insurance Program (FCIP) through September 30, 1995. We continue to support reevaluation of this program, until it can be made fiscally sound. The program is expected to require a taxpayer subsidy of some \$54,000 per month through the remainder of 1993 and 1994. The FCIP now has fewer than 18,217 policies in 8 states, with six States recently exiting from the program. To make the program less costly to taxpayers, premiums will be raised 15 percent each year as authorized by the Omnibus Reconciliation Act of 1990.

Madam Chair and members of the Subcommittee, this concludes my formal testimony. I am excited by the challenges facing FEMA . . . I view these challenges as opportunities. I hope I have made clear my commitment to use the funding you appropriate to establish a strong all hazard emergency management program for this country. However, I cannot meet this commitment alone. I must have the support of FEMA personnel, State, local, and private emergency management officials and frankly, the support of Congress.

While I willingly make these commitments to you, I ask each of you in turn to make a commitment to support the renewed FEMA and the new emergency management partnership.

I will be pleased to answer any questions you have regarding the Agency and our budget request for 1994.

Senator MIKULSKI. Thank you very much, Mr. Witt, for that comprehensive testimony outlining not only your budget issues but your idea about the vision for FEMA and the steps that you are already taking.

I would like to note that the subcommittee has been joined by Senator Dianne Feinstein who we will turn to shortly for her comments and questions. As you know, Senator Feinstein represents the great State of California which has been vulnerable to a variety of eco disasters. She will not be able to brag on herself, but it was then Mayor Feinstein who insisted on the first R of the three R's I talked to you about—readiness. And I do not know if you are aware of it, but Mayor Feinstein, every other Monday, would do a quick drill to make sure of what was happening in San Francisco, and even bring people into the sports center and go around the room for lessons learned.

So, when the earthquake hit San Francisco—and an earthquake cannot be avoided or prevented, but with the leadership that Senator Feinstein provided, both in building codes, preparedness, volunteers organized, the damage was indeed mitigated. And I know she has a lot of thoughts about FEMA and we will turn to her shortly.

Mr. Witt, I am going to go into my questions that I have related to the vision and the culture and so on, but I just want to say a few things about your testimony.

I am so glad that you are not waiting for a reorganization from Congress, which we plan to introduce next Thursday. You are already taking specific, immediate and achievable steps to accomplish what we know is the core essence of revitalizing FEMA.

RISK-BASED STRATEGY

I am delighted, as the Senator from Maryland, that you are already meeting with the 22 States that are hurricane vulnerable, hurricane at risk. It is exactly what we are talking about with the

risk-based strategy. We know that there is a hurricane season. We know when it comes and we know who is vulnerable, so why not get read for it and begin to make sure our plans are there. We congratulate you on that.

I love the fact that you said that you do not read the Federal response plan when a disaster hits. You cannot be out there with memos and trying to get your coordinating agreements.

Also, we like the fact that you are involving the State directors because we believe in the principle of federalism, that the first response is always the State response. And we want to do all we can to empower States to be able to meet their own needs with us only coming in as the last resort or providing a governor what he or she does not have.

The other thing we appreciate that you have done is morale—open-door policy. No more snooping and sleuthing, but that we are keeping our eye on potential disasters and not spying on our own Federal employees. We like the idea of an open-door policy and we feel that an open-door policy will stop the revolving-door policy of people wanting to leave.

So we have a lot ahead of us to do capacity building for FEMA, confidence building among the States and the people so that we can get on with community building if a disaster affects us.

POTENTIAL BUDGET AMENDMENTS

Now, in order to do that—we have now talked of wonderful goals, but you need money to be able to do it. This budget request was made prior to your appointment. What changes, if any, would you make, and would you submit a budget amendment to this committee to make those that you now see since you have been on the job that we could do at this juncture, in keeping with the parameters that the President has set forth and fiscal responsibility?

Mr. WITT. Madam Chair, as we look at the 1994 budget, I am very concerned about some of the cuts that have been made on some programs. At this time, I need more time to review the budget myself to see what we can do to either shift funds or ask for an amendment to shift funds or to increase funds.

Some of the cuts that concern me a great deal are the cuts on the State and local programs, because we have to establish and fund that local and State infrastructure. It is very important. As you said, they are the first responders. They need assistance, and we need to provide them that assistance.

But we will be looking at the budget very closely to see what we can do to amend, or come in and ask for an amendment to help do this.

Senator MIKULSKI. I understand that FEMA cut funds for State and local government assistance by \$7 million, just when the States will need more money for training and exercises. And that is in terms of the capacity building at the State level. It will not be for bloated bureaucracy but training and exercises; is that correct?

Mr. WITT. Yes, ma'am.

NEED ON LOCAL LEVEL CRITICAL

As a State director, let me tell you, I have been on many exercises down on the local level and participated in those exercises. The need on the local level to bring these officials up to speed to be able to respond to a disaster is one of the most important goals that we can achieve. It will be cost effective for us. It will save money in the long run. If we can spend money upfront to make them stronger at that local level, then it will save money for the Federal Government.

Senator MIKULSKI. That takes me to being proactive, which I know we are interested in doing. In the past, FEMA resisted taking a proactive approach to disaster response. It viewed its role as primarily writing checks to help rebuild after the disaster strikes, and then often not getting the cooperation of other government agencies.

What tools do you need to make FEMA a more effective and proactive disaster response agency in all stages of disaster management? Where would you recommend we put our money? What line items? And how would you also change the culture at FEMA that is so focused on the nuclear attack preparedness?

Mr. WITT. Madam Chair, we are looking at where we can redefine FEMA's mission and organization, and by doing this we will be able to come back to Congress, hopefully, with a very strong, streamlined organization. Then we will be able to tell you where we need funds in those particular programs to support not only the Federal preparedness but also State and local preparedness.

It is very critical that we have the funds in training and exercising for the Federal level, but also the State and local level. The training is so important and so critical to get the State and local people, and the Federal people, up to the level that they need to be to fulfill our role in the Federal response plan and to coordinate with the State and local emergency operation plan.

Funding for us to administer these programs, funding for training and travel, and also funding the infrastructure, are some of the most important, critical areas that we need to look at.

NATIONAL PREPAREDNESS DIRECTORATE

Senator MIKULSKI. We intend to be marking up our appropriation bill sometime when we come back after the Fourth of July break. The House will have acted on its bill, I know—and I have spoken with Congressman Stokes—in a prompt way. So we will need to have some of those thoughts from you when we get to that.

Which, of course, takes me to something else called the national preparedness directorate, the so-called black programs. We will not discuss the nature of those programs in public. But, as you know, for some time, I have been critical of this wall between the two and the need to shift more into risk-based strategy here. I know, though, at the same time, we support the continuity of government for our President and the functions of government.

But we are concerned about all of that excess and even waste that has been indicated. Will FEMA dismantle this directorate, or do you plan to reorganize it? First of all, we have the separation; and FEMA has separate offices for civil defense, then we have one

for fires, then we have one for earthquakes, and each has its own subculture.

Do you think FEMA would be more effective if it were organized along functional lines—readiness, response, and recovery—because whether we are hit by nuclear war or a nuclear powerplant problem, whether we are hit by an earthquake or some other situation, we need to be ready, respond, and recover regardless of the disaster. Have you thought about that?

Mr. WITT. Yes, Madam Chair, I have. The national preparedness side took a substantial cut this year of approximately \$13 million, and also about 45 staff people. What I am looking at is taking the assets and people from the national preparedness side and incorporating those people and assets into a Federal response plan and its activities. This would allow them to be functional where they can exercise and train with that State and local emergency management structure in the future. When they respond with all of their assets to a catastrophic disaster such as Andrew, State and local officials need to know what is available—what capability we have in communications, damage assessment, so they can depend on it. Right now, they do not know.

Also, we are working on a very important damage assessment effort through modeling. If you have a hurricane like Andrew and it is 3 days out, they can take this modeling system and actually show how much of the business community it would affect in dollars. They can show how many people need to be evacuated and how much it is going to cost to recover. It is a very good idea and it will give us a quick assessment of an anticipated cost if we have a major disaster.

We looked at it for the potential Los Angeles riots to see how it would work. It worked very well. One of our employees actually experimented and came up with this idea, and it is a tremendous idea.

REORGANIZATION OF FEMA

Senator MIKULSKI. Well, we also know that when Hurricane Andrew hit, which we keep coming back to, that they could project how many meals were needed. They had a lot of projections that just never got to the top of the Agency. So that, where appropriate and without revealing State secrets, it could have been transferred so that President Bush, Andrew Carr, and Governor Childs would have had the benefit of just a tremendous amount of information. So we are looking forward to that.

Now, in order to do what we are talking about here, do you need specific legislation to reorganize the Agency?

Mr. WITT. We are looking at what authority we have in the Agency now, along with the reorganization effort, to see if we need to ask for clarification of our authorities. This, hopefully, will be coming up very soon so we can give you some idea of what we need in legal authority.

Senator MIKULSKI. Mr. Witt, on Thursday, I will be introducing my framework for the reorganization of FEMA. We have done that in consultation with people who have had direct experience, like Senator Feinstein, who has also been one of the major architects of this redesign. That will probably go to Senator Glenn's commit-

tee in government reorganization and we really need to work as a team to do that.

But again, we want to use our appropriations not as an authorizing by proxy—we acknowledge the authorizer's role—but what we could do now. And then, also, how we could guide the authorizers. And you know—and I do not even think my own committee members know—you respond to five different committees between the House and the Senate, on each side, 10 different committees. Five committees in the Senate, Senator Kerrey and Senator Feinstein, have jurisdiction over FEMA. We are their only one-stop shop.

And so we feel we are in a unique position to guide the authorizers on what is to be done. And, quite frankly, I have asked that they give us one authorizer when they are all said and done, and I think you would appreciate that.

Let me turn now to my colleague, Senator Feinstein, for her comments and questions, and then we will turn to Senator Kerrey.

Senator FEINSTEIN. Thank you very much, Madam Chair. I just want to say that I think I have been very fortunate to have been granted my request to serve on this subcommittee because I have never seen a subcommittee chair that has such concern about an agency, Mr. Witt, as does Senator Mikulski. And I think that really bodes well for the future of FEMA, because there is a team now that really does want to work with you to make it a first-rate, first-class agency and one that is capable of really saving life and property.

LOMA PRIETA EARTHQUAKE

If I may, as you know, since Loma Prieta struck California in 1989, the State has had eight other federally declared disasters. That is really more than any other State. I have followed earthquakes now for 25 years as an elected public person. I have talked with the engineers, the seismologists, the theoreticians and the practitioners, and it is my view that the probability of a major earthquake in California has increased rather dramatically. Therefore, the ability of your Agency to really respond is extraordinarily important.

Loma Prieta was not a strong earthquake; it was a moderate earthquake. And yet, one freeway came down, another one had to be taken down and would have come down had it continued another couple of seconds, part of a major bridge came down. There was tremendous damage in areas and that is just a moderate earthquake. So there is reason to have very real concern.

I know the Governor wrote to the President on November 6, and I wrote to you on April 5. And I want to go to the heart of the questions here because the heart of the questions that the Governor is asking and that I am asking is the 100-percent reimbursement.

The amount is \$369.1 million. I would like to know, one, is that in your budget. And two, are you going to move to see that we receive that 100 percent?

Mr. WITT. Senator, I will be more than happy to look into that for you. I was not aware of that.

Senator FEINSTEIN. You were not aware of—

Mr. WITT. Of the 100-percent issue. I was just informed of your concern a few minutes before our hearing. But I can assure you that I will look into it and I will get back to you very shortly.

Senator FEINSTEIN. Let me just quote from the Governor's letter to the President in November:

It is with these facts in mind that I again request 100 percent Federal assistance for those public assistance costs which are above the \$10 per capita threshold used for disasters in other States. According to the public assistance summary report dated October 31, 1992, the total Federal share for the Loma Prieta earthquake less administrative allowances is \$369.1 million. The Federal share now exceeds the threshold of \$301 million, based on the official U.S. Census count of 30.1 million. While the \$10 per capita threshold is not mentioned specifically in Public Law 100-707, the provision of up to 100-percent financial assistance was specifically provided by the congressional authors and President Reagan. As one of the Senate cosponsors of H.R. 2707, the Ridge bill, I can assure you that the discretionary authority to provide such relief was fully endorsed by the Congress to ensure that the public investment in essential public services and facilities could be restored.

Now, I think that is a vital paragraph in this letter to the President. I would like to state to you that I strongly support that. There are major historic, quality buildings in California that, 4 years after Loma Prieta, are boarded up and are subject really to great public hazard still. So this money is vital.

If I could possibly get an answer, because this is very important to me, as to whether it is in the budget, and whether you would speak for the full authorization.

Mr. WITT. I can assure you, you will get a very prompt answer, Senator. We are working, as we talked yesterday, very diligently in resolving the Watsonville Hospital issue. We have a person flying out there today to meet with them, and we feel like we have a very good offer for them which they have agreed is very good. I think we can resolve it very, very shortly, and I am hoping this week or at least next week.

With respect to the Stanford University and the city hall issues, we are also working on those and really pushing to get them resolved. I apologize to you that it has taken 4 years to get them resolved, but I was not here for those 4 years. I will push very strongly to get them resolved.

Senator FEINSTEIN. Fine. May I just share with you one of the problems that they tell me exist at Stanford where major academic buildings remain closed? I am told they remain closed because FEMA has approved work that does not meet the minimum safety standards and that the local building officials who have legal jurisdiction over the Stanford facilities will not approve FEMA's proposed repairs.

So that element of it, which I did not mention to you yesterday, needs to get straightened out.

Mr. WITT. We are working with them on that element.

Senator FEINSTEIN. Excellent. And you did update me on Watsonville. When might I expect a response on the Watsonville Hospital matter?

Mr. WITT. I will probably be able to give you a response tomorrow after our person meets with them in California tomorrow.

Senator FEINSTEIN. Thank you very, very much.

LOS ANGELES RIOTS

May I ask you one other question? To turn for a moment to the Los Angeles situation and the riot that took place, have you been able to evaluate that, evaluate the performance of FEMA in that situation?

Mr. WITT. Not yet, Senator.

Senator FEINSTEIN. May I ask that you do so?

Mr. WITT. I would be more than happy; yes.

Senator FEINSTEIN. I think it is fair to say that the public feeling of alienation is so widespread from the Agency—the bureaucracy, the paper, the lack of helpfulness to people, complaints made unanswered—that I would think at the highest level in the department, which is yourself, that you ought to take a look and do a debriefing of that incident. And then, if I may, I would like to ask you for your findings and any suggestions that you would have as to how you would improve the FEMA structure to prevent this kind of public alienation from the Agency taking place in the future.

Mr. WITT. We will be happy to provide that for you.

Also, in our reorganization we will be looking at this. We will be looking at how we can expedite the victim's process of receiving help through the Individual Assistance Program. We will look at it very closely because it is very important. When those victims need help, we need to provide it.

Senator FEINSTEIN. Thank you very much.

One last question. As we spoke yesterday, with respect to the San Francisco City Hall problem, a building that I have worked in for about 20 years and know very well, you are going to follow through and talk with the Chief Administrative Officer and consider the full seismic upgrade request.

Mr. WITT. Yes, Senator.

Senator FEINSTEIN. Thank you very much, Mr. Witt.

Senator MIKULSKI. Thank you, Senator Feinstein.

As I turn to Senator Kerrey, this brings up a point that I think is important to all of us; that is, that the other Federal agencies sometimes are part of the problem in responding and cooperating with FEMA. We were very disappointed in HUD's lackluster response to the San Francisco situation and there also seems to be confusion about how they responded in terms of Hurricane Andrew.

One of the areas that we hope to pursue is really how FEMA gets the support of the other Federal agencies, and that they move as a SWAT team with FEMA being the Federal coordinator. And I am going to be talking to Secretary Cisneros about it. I would encourage you to do so as well, so that when FEMA has to move, Cisneros can appoint a point person and they are ready to roll, that Shalala's NDMS that did not even have a line item—all it had was an answering machine, was ready to move, et cetera, as well as the mobilization of the nonprofits, which needs to occur. Now, part of that will be drills.

We just commemorated the 25th anniversary of civil disturbances after Dr. King's assassination. I was a social worker at that time and I coordinated the public service agency responses to that and worked within the Red Cross to coordinate the nonprofits. We sat in a bunker together trying to help Baltimore, in which we

worked together, and the agencies were there and we moved it. The diabetic got her insulin, the fire department not only put out fires but we developed shelters, and all of that. That is what you need, is it not?

Mr. WITT. Yes, it is, Madam Chair.

Senator MIKULSKI. And is not one of the weak links—not the weak links but something that really is not firm, clear, and mobilized is that the other agencies have a commitment to responding with FEMA when FEMA is ready to go?

Mr. WITT. Yes.

Senator MIKULSKI. So we have to pick that up even right here in our committee. Again, we have another mayor now running HUD who also understands the need to move in a quick-step way when a flood or fire or something can happen.

Senator FEINSTEIN. Would you yield, Madam Chair?

Senator MIKULSKI. Yes.

Senator FEINSTEIN. I would just like to support your comment, because if there is one thing we know about disaster planning, it cannot be done on the spur of the moment. It has to be, one, years and years and years ahead, and it has to be a flexible enough plan, people have to know the plan, their responses have to be almost reflex. It has got to move fast and it has got to move boldly.

And I would just like to offer my services, because this is something I have worked on for a long time, to help you in any way you need to get that job done.

Senator MIKULSKI. Well, being on the committee is already a big help, Senator Feinstein.

Senator FEINSTEIN. Thank you.

Senator MIKULSKI. Now, let us turn to a governor. This committee is known because it has mayors, city councilwomen, governors—they all gravitate to this subcommittee because it is the most hands-on that goes directly back to the people.

Senator KERREY. That is why? I wondered why we—

Senator MIKULSKI. Well, as well as its charismatic chair, but—
[laughter].

Senator Kerrey, we look forward now to your comments and questions.

Senator KERREY. Thank you very much, Madam Chair. I have a series of questions that I would submit for the record.

DISASTER ASSISTANCE POLICIES

I would point out, Mr. Witt, that it seems to me one of the things that we have to try to do in the 1990's is to answer the question: How far is Government going to reach? Where, in fact, are we going to say to the citizens, "We are not going to do this"?

We are involved in the agriculture committee right now with a great debate about how far do we extend disaster assistance. We had crop insurance out there for years and we have been telling people this is the last year we are going to do disaster assistance, and then we do it again. We extended it for potatoes a couple of days ago, and we had a big grant program that went out to corn a few weeks before that, and now we are going to do disaster assistance because somebody had a yield that was less than what they would expect.

It seems to me at some point it is very important for us as policy-makers to be able to say to people, "Look, this is a disaster that you are going to have to handle yourself."

I must say, I go through the list of questions that staff have prepared for me and there are things in here I was not even aware of. I have a question here involving the Intelligent Vehicle Highway Systems Act. I have a question about March flooding in Nebraska that I was aware of. I have got a question in here about emergency management assistance, a question about SARA. It is \$5 million for first-time responders. I have State programs that are concerned still with civil defense that are typically important. I have a radiological defense program that apparently has a big impact upon the State. I have an urban search and rescue program that is being discussed here.

The Chair talked about her reorganization act. I have not seen the details of it but I am intensely interested in it, I must say. In looking at the growth of FEMA and what it has become, I was writing down different descriptions of your organization and I am going to call it—For Every Minor Aggravation or Free Excessive Money Available. [Laughter.]

I do not know what and where we are going to stop this thing, but with 21 different acts and eight sections of the U.S. Code and six executive orders and 20 congressional subcommittees, it seems to me that what happens is, when we have a legitimate disaster, because we are spread so thin it is difficult for us to respond. And where we have a disaster where we should say, "This is something you folks ought to prepare for and pick up the tab for," we find ourselves rushing sometimes—at least it seems to me—in areas where the signal and the message should be out there that, "This is something you have got to plan for."

I suspect you are not going to respond if the roof falls in on my own house.

Mr. WITT. We might. [Laughter.]

Senator KERREY. You might. Maybe I will introduce legislation next year to provide that. My car runs out of gas; is there a FEMA hotline that I can call?

It seems to me that it is crucial. As I watched the breakdown in communications in Andrew—and some fine recommendations were made to this committee last year in the aftermath of that—it seems to me that we have got enough evidence to know what we need to do. We need more central control, we need more authority.

But it seems to me, Mr. Witt, we also need a list of things that we are going to say, "This is something we cannot do and we will not do." It seems to me that not only do we need to add and strengthen, but we have got to subtract as well. Otherwise, the math simply is not going to work.

Mr. WITT. Senator, I agree with you. We need to set some parameters so that State and local governments will know to what level of disaster we will respond and assist them. When the response is beyond the capability of the State and local governments, when disaster victims are involved, and the State and local governments cannot supply the medical assistance or supplies necessary to sustain life for a few days, then I feel that it is our responsibility to

help them. And that is why we are there—to help victims recover and get their lives back together.

The most important thing that we look at right now is those victims and the need to have those State and local responders trained to the appropriate level so that they can respond and take care of their needs at the local level. If we can fund the local and State infrastructure level where they can be strong and can take of these disasters themselves, then we will ourselves spend less money.

Senator KERREY. I guess one of the things I think you need to help us with—and we are going to do a little helping ourselves—is to recognize that if a friendly politician in a neighboring, adjacent State is successful in getting an appropriation or designation of a disaster that very few people had realized was a disaster prior to the designation, that increases the pressure in a competitive way for me and other folks then to rush in and say we want the same thing. Whereas, if a strong “No” goes out that, no, this is not a disaster, or it is a disaster that you are going to have to manage on your own, it seems to me that helps a great deal.

I feel very strongly that one of the things FEMA is going to have to do to help us is to make it clear when we are asking for something that it frankly does not deserve the taxpayers to chip in to cover the bill. I can think of all kinds of things that would cause somebody to say, “This is a disaster.” My prices just went up. My costs just went up. The road just got shut down. Something just happened and it can feel just as if it is a disaster. That does not necessarily mean that they ought to call Senator Kerrey and say, “Can you get FEMA to send 50 people out here to help me clean this up?” Or, to help me fix this particular problem.

But unless we have got some clear list of things that we say this is something you will self-insure; this is something you will call your friends and neighbors; this is a city, this is a county, this is a State responsibility, it seems to me that we just are not going to have the collective capacity in a body that almost by definition is undisciplined to get the job done.

Mr. WITT. I agree with you, Senator.

Senator MIKULSKI. Senator Kerrey, we are going to be introducing next week a reorganization of FEMA because we share your concerns. We would like to review that with you and perhaps engage your co-sponsorship.

Senator KERREY. I appreciate that.

Senator MIKULSKI. I think what we are talking about here, the underlying one sentence is, “Do the best at what you are most needed for.” If FEMA does the best at what it is most needed for, we will get our taxpayers’ money’s worth, communities will feel that response, and we will be able to very clearly define the parameters—not the limits of FEMA, because limit is a different word, but the parameters of FEMA—and then how other agencies need to help do the heavy lifting.

And we believe that the doctrine of, again, a first response is one of federalism, that it belongs with the governor and local government, with us perhaps helping fund the training and exercises. But do the best at what you are most needed for.

Senator KERREY. I look forward to looking at and reviewing your legislation because I do get constant requests. You can see just

from the list of things that I had, Madam Chair, and there are others where people are saying, this is a disaster for me personally and is there some Federal program that I could use to pay me for the damages suffered. That basically is the question, whether it is a municipality or a county or a State or an individual or business, the request will come because there has been a legitimate loss. It may be \$5,000, \$10,000, \$50,000; it can feel like a substantial disaster when you are faced with a mortgage payment or whatever.

And it does seem to me that what I need to be able to do is to say, "No. That does not qualify as a first-priority disaster." Regardless of how the federalism argument shakes out—and I agree with you that we should allow the States to take the lead—there is still going to be a line of people after the disaster making phone calls trying to find out if there is some Federal money available.

RECENT LEGISLATIVE INITIATIVES

Mr. WITT. Senator, the State of Florida has passed some legislation which is providing funding for the State and local emergency management structure. I believe it is approximately \$10 million. It is very good legislation.

We are getting copies of that legislation to provide to the National Governors Association to see if there is a possibility other States may consider similar legislation to help fund State and local activities at a higher level than they have in the past.

Louisiana has just passed similar legislation as well. This would also help to do what you are talking about, letting the State and local take care of more of their own smaller disasters and fund them.

Senator KERREY. I once provoked picket lines outside of the Governor's mansion after a flood. The citizens came and said we need to take some action because we live alongside the river and the river has flooded outside of its bank and we suffered damage. And I said, "Folks, you do not live alongside the river; you live in the river. Occasionally, the river is low enough that you are on dry land, but you live in the river." And so if you choose to live in the river, do not come and say to me suddenly the river now is in my house and I need some help.

I noticed,—and I am not going to ask you the question because I think it is unfairly provocative—but I noticed that after the hurricane in Florida, as a consequence of the insurance losses down there, it is a possibility that people will have a much more difficult time purchasing insurance, setting up the possibility that we will have an even greater loss, taxpayer loss, in future disasters.

Again, this is not in the form of a question because I have not figured it out myself, but it does seem to me that that is another category that we are going to have to investigate. Essentially, there are going to be circumstances where the answer ought to be, "You are living in a risky area, and as a consequence of that you need to manage that risk and be a partner in the management of that risk." And you cannot expect that we are not going to hold you accountable for that decision.

NATIONAL DISASTER MEDICAL SYSTEM

Senator MIKULSKI. We have talked a lot about facilities and so on. One of the things that concerned me is the availability of public health and medical services in a disaster. This is not at FEMA. What so surprised me was the fact that one of the core components, the national disaster medical system, as over there at HHS, did not have a line item, nobody paid too much attention to it. And my question is, what do you think about it.

As I understand it, the national disaster medical system is supposed to do two things. One, it would be private hospitals volunteering beds in the event of a disaster and then to have what they call DMAT's, disaster medical assistance teams made up of doctors, nurses, public health types, social workers, that go in to provide actual medical treatment like the tetanus shots to the kids, to public health services that need to be done in terms of mobilizing large groups of people, water supply, immunization, and those kinds of things.

The national disaster medical system seems to lack strong leadership and is not well integrated into disaster planning. What specific changes do you think are necessary to make them part of this program, and how much of a priority is that?

Mr. WITT. Madam Chair, I was very concerned about the NDMS program. Two weeks ago, I asked to meet with the Department of Health and Human Services people. They came over to my office and we did meet. At that time, they advised me that they had something like \$4.3 million appropriated for funds for emergency preparedness and planning.

I am a very strong supporter of NDMS and I think it needs to be a very strong program. FEMA in the past has put approximately \$50,000 a year into the program, which is very, very small, as some of the other agencies have. The program has not been funded to the maximum that it should be to allow DMAT teams to train and particularly exercise as part of the Federal, State, and local exercises.

And so I think it is very important that we strengthen the NDMS Program in funding as well as in support from the directors of each of the agencies. I have asked for a senior policy meeting of these agencies and we are having that next week to try to give stronger support to the NDMS program.

Senator MIKULSKI. You know, I bet if I called up Dr. Shalala right now and said, "Donna, how much are you asking Harkin for the NDMS," she would wonder what the zingo I was talking about. And that is what disturbs me. It has not had visibility within the Agency; and, therefore, it has not gotten the attention it deserved and we are concerned about. And we are going to be working with the NDMS.

But here is the way we understood it to work. It was supposed to be ingenious. That in the event of war, like Desert Storm, if we had the casualties—and thank God we did not—and they came back, if the military hospitals were saturated they would then turn to VA or private hospitals that offered specialized services, like the burn unit. We would come back and we would use the VA hospital or Walter Reed and Naval Bethesda, but then there is the burn unit at Johns Hopkins and so on. Then the reverse is to be true—

that in the event of an eco disaster or something, we would turn to private hospitals who are voluntarily participating, and then to VA and then even to military.

That has never been utilized. That hospital network has never been used. And actually, during the height of the nuclear weapons protest movement a lot of the physicians, physicians for social responsibility, did not want to be part of it because it was organized around nuclear war preparedness rather than eco preparedness.

So we think you have got to go back, because a lot of hospitals that did not want to get in on it because the doctors did not want to look like they were participating in nuclear war and implying that there was an answer to nuclear war. Now I think it is time for new thinking there.

DISASTER MEDICAL ASSISTANCE TEAMS

But the other that I think is so crucial is the disaster medical assistance teams, who they are, how they help, how they are called, and who is in charge. And that is why we are going to be making a very dramatic change in our recommendations for reauthorization, and we want to pull that out of HHS—they have got a big job, an enormous job—and put it with FEMA. And, therefore, everybody would then know, at least for the coordination, management, and so on. We know you cannot give medical care; that is not your job, but HHS has not given it either. They are working through local communities and private hospitals.

And we feel also that the DMATS should be able to mobilize to become part of almost like a public health medical treatment national guard and actually working with our National Guard. Am I on the right track here?

Mr. WITT. I think so. Senator, in Arkansas, when I was a State director, we dealt with the New Madrid earthquake fault line in Arkansas. I supported the NDMS program in Arkansas very strongly. We had a full-scale exercise with NDMS participating. We identified all of the hospital facilities, beds, whether they were VA, private, or public hospitals. We actually evacuated people, we actually flew in mobile clinics, and we actually had a realistic exercise in Blytheville, AR.

The hospitals participated 100 percent; they supported the program. It is a very effective program in Arkansas and I know we can do the same thing nationwide.

Senator MIKULSKI. Well, we look forward to working with you and Secretary Shalala on that. We know we are going to raise a few eyebrows, but that is fine. I would rather have volcanic reactions now than the lack of coordinated service. And if they want to keep it, they have to fight for it by showing us that they are ready to take that service seriously within HHS. If they are ready to do it, we are open for negotiation. If they do not want to, then we are ready to move it.

You talked about Arkansas, and, of course, I feel so keenly about Maryland. You know, we are at hurricane risk, we have three nuclear powerplants. Even in little Howard County, we have had earthquakes that we did not—the only earthquake that ever happened was when I beat two political machines 20 years ago and won the Senate seat sometime later.

But we now face all of these things, and I want to really follow that principle of federalism, bolstering State preparedness.

COMPREHENSIVE COOPERATIVE AGREEMENTS

My concern—and I think yours, too—is your emergency grants. You have about 17 different, somewhere between 15 and 20, different emergency grants. What do you think of the idea of putting them under a single block grant that lets the States decide what they need to do to respond? What do you think of the idea, and what would be your timetable on it?

Mr. WITT. Senator, I would have to look at a single block grant very closely because if we issue a single block grant to a State, then how are we going to make sure that the funding is received down at the local level where it is needed as well? We would have to make sure we had the proper procedures to demonstrate accountability in these programs.

The CCA process is the way we move funds down to the State level and then to the local level. We are reviewing the CCA process now. But a block grant we really would need to look at. I am not saying I would be against it, but I am saying we need to look at it so we can make sure that accountability exists for the funds and that the locals receive their portion of funds so they can be prepared.

Senator MIKULSKI. Well, we look forward to your recommendations. You are the guy who is going to have to run the program, but we see community assistance programs, chemical stockpile emergency preparedness, disaster prep, emergency management assistance, facilities and equipment, and hazardous material. Then there is hazardous mitigation assistance that is another line item. We have SARA, title III, hazardous materials. We have just in hazardous materials three programs right there.

So we do not want to be drawing your organization charts, but we do want it to be simple. My gosh, when you are dealing with a disaster, no matter what the size, dealing with the paperwork and trying to put on your green eyeshade—and when you were in Arkansas—rather than going through that, you need to know what the disaster preparedness book says. But then you pull out a book and say, “Now, let us see. If I wiggle here I can get this and tell President Clinton that I can”—you know. That is what Governor Kerrey was talking about.

So I am looking for simplicity as well as the ability to keep track of our money, but really simplicity at the local level.

Mr. WITT. Madam Chair, I am looking at the simplicity issue as well. I know that the States are looking at simplicity and more flexibility in facing the risks that they face every day as they develop an all-hazards, risk-based program, and I agree.

Senator MIKULSKI. And then that takes us back, though I believe we should go to the States and offer simplicity and so on. But I also want accountability. I do not want a Pentagon mentality at the State level where everybody takes Government money and runs out and buys high-technology equipment that they do not know how to use, will never use, because they have been to some procurement fair where they walk around with the latest gadget and gizmo. So

everybody has something in their ear, and people want to stick it in ours because of our failure to respond to their day-to-day needs.

And I am pretty hot about it because there is a natural acquisitiveness to accumulate a lot of hardware and not know how to use it, never to use it, not even keep a damn inventory on it.

So my question is—I would like to give “good guy” bonuses to the States. If they are really doing their preparedness, they really have performance standards and accountability in terms of their readiness and that they have drilled, I wonder then if we could also give those good guy bonuses, but coming back, also, how we help you or what is needed for there to be this accountability, and where they then do not binge on technology acquisitiveness.

Mr. WITT. I think the States would be very pleased to look at our providing them incentives and evaluating them on performance and accomplishments. I think that would work.

Senator MIKULSKI. Well, we look forward to that. Just know that I truly—and my staff will think I am going to go off on this, but, wherever there is technology we overbuy what we do not need. And I see it in the U.S. Senate. I have got a phone with more buttons on it that I have now had for 4 years that I do not know what it would do. OK?

Mr. WITT. I do, too.

Senator MIKULSKI. I just do not know. And I am glad, on any given day, to get a dial tone. And we do get a dial tone because that is part of our American telecommunications. But that is what we see. And I saw it in other federally funded programs.

I want the States to have modern technology and a lot of that will rest in communication. But I think you know what I am talking about.

Mr. WITT. Yes; I do.

Senator MIKULSKI. Mr. Witt, we have a lot of other questions we are going to submit for the record related to strike teams for damage and assistance, the disaster relief shortfall that you are dealing with. We want to, once again, compliment FEMA for their Emergency Food and Shelter Program which has meant so much to local communities. And when you look at the issues around civil disturbances to see if we could build on what we already have, perhaps the Emergency Food and Shelter Program would offer that opportunity so we do not create a whole new situation.

We look forward to working with you. Our new authorization goes in next Thursday. We will be marking up by July 4. We will look forward to working with you and with your staff.

Mr. WITT. Thank you.

PREPARED STATEMENTS

Senator MIKULSKI. I have received statements from the ranking minority, Senator Gramm, and also from Senator Bond. They will, without objection, be placed in the record at this point.

[The statements follow:]

STATEMENT OF SENATOR GRAMM

I am pleased to join Senator Mikulski in welcoming James Lee Witt, Director of the Federal Emergency Management Agency, to this hearing on their budget request for fiscal year 1994. As the Chair has noted, this hearing is occurring during

a period in which significant changes are under consideration for this agency. I would like to take this opportunity, however, to commend Senator Mikulski for her critical efforts to initiate and sustain this important reexamination of FEMA.

Preparing for the future, especially unpredictable events like disasters, is something that rarely receives priority attention during periods of budgetary austerity, and after the memories of such events have faded over a few months or years. However, experience with previous disasters have repeatedly demonstrated that advance preparation is critical. Moreover, in recent years we have the example of catastrophic disasters of unprecedented magnitude which devastate local and State emergency response capabilities. These disasters, such as Hurricanes Hugo and Andrew, often require the Federal Government to assume a larger role in providing immediate relief.

We must examine what the Federal Government should reasonably do to address these types of catastrophic disasters. We must develop a strategy to better prepare for these rare but devastating events, in which the Federal response is so critical. This task must also take place in the context of the incredible dissolution of the Soviet Union, and the diminishment of massive nuclear attack threats to our Nation and during a period of unprecedented fiscal constraint.

STATEMENT OF SENATOR BOND

Madam Chair, thank you for holding this hearing today—and at a most opportune time for Missouri. Two days ago, on May 11, 1993, President Clinton declared a major disaster for Missouri.

The counties of St. Charles and Lincoln are suffering from severe storms and flooding. I want to commend the FEMA offices in Region VII and in DC for providing such good information and strong urging to the White House, and President Clinton for taking such quick action on Governor Carnahan's request for disaster assistance. The actual request was sent to the White House on May 5, 1993, and the designation was granted four working days later. What a difference the assistance will make to the 600 families who have had to flee the floodwater.

FEMA is providing aid to families and individuals, including such things as rental payments for temporary housing, low-interest loans to cover uninsured private and business property losses and grants to help meet serious disaster-related needs not covered by other federal aid programs. It also is providing assistance to businesses in the form of loans for working capital and losses to property.

I would like to request that FEMA act with the same swiftness on the requests that undoubtedly will be forthcoming. Missouri is in a 100-year flood, and the results are frightening. In many areas the damage is all too apparent; in others, it will be some time before the damage becomes clear. Our short-term goal is to take care of the immediate needs of families forced from their homes and businesses forced to close. Swift action on the other requests will provide the vital temporary housing assistance and low-interest loans necessary to help people survive.

Unfortunately, this assistance is only the beginning. We also will be facing infrastructure repair—levies, roads and bridges—the extent of which we now only can speculate. The Army Corps of Engineers already has begun work on levy repair, which will help prevent future flooding. There also will be long-term impacts on farming, placed dangerously behind on the planting season; on livestock, endangered both by rising water and medical conditions caused from the standing water; and on businesses, forced to close their doors, or for whom flooding has meant a drastic drop in trade. We should be aware of all of these factors and we shall be looking to FEMA to help get our state back on track.

In addition to asking for swift action on the disaster designation requests which almost certainly will follow, we ask that FEMA continue to apprise us of their progress. The swift set-up of the disaster field offices, the toll-free, pre-registration numbers and the media notifications telling affected families what documents to bring with them to apply for assistance—all of these activities are vital. We seem to be in for the long haul in Missouri, and I want to make sure that FEMA's commitment is unwavering.

By the same token, I want FEMA to tell me what we can do to make it easier to get assistance for the families who are suffering. I have been to the disaster field offices and I know that the lines and the forms can be very discouraging. I have talked with the claims processors who want to be able to do more, faster. If you have suggestions or ideas that would make the process easier and swifter for all concerned, I want to know; and I will pledge to do everything I can to help.

Finally, as the Administrator may be aware, the County of St. Charles, granted disaster designation late Wednesday evening, continues to have problems with its

National Flood Insurance coverage. I understand that headquarters and regional staff have been working closely with the county officials to make sure the county retains its eligibility for the flood insurance program. I urge FEMA to continue to work with the county because literally thousands of policy-holders depend on this coverage. Surely, this most recent disaster points out the value of the flood insurance program, and I sincerely hope that all concerned will work together to resolve the difference.

Mr. Witt, I look forward to working with you on these and other issues.

ADDITIONAL COMMITTEE QUESTIONS

Senator MIKULSKI. We will submit the balance of the questions for response in the record.

[The following questions were not asked at the hearing, but were submitted to the Agency for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR MIKULSKI

STAFFING AND ORGANIZATIONAL QUESTIONS

Question: FEMA's budget requests staffing increases in only two areas-- regional public information liaisons, and management and administration. Why is FEMA requesting increased staffing for management and administration, rather than in a programmatic area such as disaster assistance?

Answer: Two increases were requested for FEMA operating accounts: ten work years for Regional Program Direction and five work years for Management and Administration. The increase for public information officers (liaisons) under the Regional Program Direction activity is critical at the regional level to ensure timely and accurate dissemination of public interest information before, during and after emergencies and disasters. This request for increased staffing will support FEMA's response and recovery effort in State and local jurisdictions. Because of this close association with program delivery at the regional level, Regional Program Direction was not identified with Management and Administration activities in our 1994 budget request. Increases in Management and Administration reflect the need for legal and financial support and overall direction for some of FEMA's often controversial programs such as the radiological emergency preparedness and disaster assistance programs.

Question: FEMA's budget does not increase the numbers of staff in federal response planning, despite the clear need to emphasize this critical area. Do you think FEMA's FTEs are allocated appropriately? If not, will you propose a realignment of work years?

Answer: The staffing included in the budget request reflects immediate FTE requirements to support program operations. I cannot make any further recommendations regarding staffing for programmatic areas pending completion of the project I have initiated to determine the need to revise FEMA's mission, policies and organization. This involves reviewing all of the recent recommendations concerning FEMA that have been made by various organizations and investigative teams as well as soliciting ideas from FEMA employees. These recommendations and ideas together with input from representatives of State and local governments and emergency volunteer groups will assist us in our efforts to determine the changes that are needed to improve the effectiveness and efficiency of the Agency. The review will, among other subjects, include analyses of the appropriate allocation of full time equivalent work years.

If the review indicates that changes are necessary, I will propose them.

Question: FEMA is currently working on a report, at this committee's direction, on the future of the National Preparedness Directorate. When will FEMA complete this report? Will FEMA dismantle this directorate? Do you think FEMA would be more effective if organized functionally? How will you better integrate the fire programs-which contain a great deal of expertise with respect to immediate response-- with other disaster programs? Do you need specific legislation to reorganize the agency?

Answer: The referenced report is the Agency reorganization plan requested by the FY 1993 Appropriations Committee Conference Report.

Submission of this report was deferred with the Committee's approval until the FEMA Director had the opportunity to review FEMA's current organizational structure and capabilities. The Director has stated that he will be reviewing the FEMA mission and recommend changes to the organization, where necessary, to better accomplish FEMA's mission.

We expect the final report regarding the Agency's organizational structure to be completed by September 30, 1993.

The Director is currently conducting a comprehensive review of FEMA's mission, organization, and major policies. The objective of this review is to determine the optimal use of all of FEMA's resources to maintain a risk-based, all hazard emergency management system. The corresponding organizational structure will determine how all of FEMA's current directorates are utilized.

Decisions on the NP and other directorates are not final. We are in the process of determining the optimal organizational structure. This effort is being conducted with the participation of FEMA employees, and is expected to be completed by September 30, 1993. The results of this effort will be coordinated with the Congress.

The ongoing review of the Federal Response Plan (FRP) is intended to strengthen the planning, coordination, and operational focus of the Federal government's emergency response efforts. One of the areas under review is the integration of the fire programs capabilities and expertise into the FRP overhaul. The U.S. Fire Administration will play an appropriate role in future disaster response situations.

No legislation would be necessary.. Reorganization Plan Number 3 of 1978 (3 CFR 1978 Comp. p. 329, 5 USC 903), Part I, Section 106, Performance of Functions, states:

"the Director may establish bureaus, offices, divisions, and other units within the Agency. The Director may from time to time make provision for the performance of any function of the Director by any officer, employee, or unit of the Agency ."

However, we want to work closely with the Congress on any proposed reorganization we pursue.

IMPROVING THE FEDERAL RESPONSE PLAN

Question: A number of flaws have been identified in the Federal Response Plan. What specific changes will you make to the plan and when will all the changes be incorporated? FEMA is planning a major exercise of the plan in Utah this month. It will involve an earthquake scenario. When will you incorporate any additional "lessons learned" from the Utah exercise into the Plan? The Federal Response Plan currently does not include damage/needs assessments as one of the specific emergency support functions. Will that get included as a specific function and will FEMA have primary responsibility?

Answer: The basic plan is sound and has been approved by 26 agencies. As the result of lessons learned from recent large scale disasters, a number of initiatives have been proceeding, such as the Federal Response Planning Task Force, to identify and develop more detailed guidance and procedures to carry out activities under the Federal Response Plan. These guidance and procedures documents will supplement the Plan for the near future until a revision can be developed to formally incorporate this material.

Exercise Response 93, which plays a major earthquake on the Wasatch Fault in Utah and therefore tests the 1992 Utah State Emergency Operations Plan and the 1992 Federal Response Plan, is scheduled to conclude on June 11. One month from that date, the Post Exercise Reports are due from the various organizations which participated. By July 30, then, we expect to finish a first draft After Action Report for review. When the key participating entities have sufficiently reviewed and commented on the draft, a final version will be prepared and the final issues entered into the Corrective Action Program database and corrective actions assigned to action officers. If the corrective actions are within the purview of FEMA, then the corrective actions can be assigned to FEMA action offices. If the actions to be taken are interagency issues, then they will have to be referred to the appropriate other agencies through the interagency corrective action program work group within the interagency planning structure. Issues of national scope identified by the State will be reviewed through the Regional Interagency Steering Committee and entered into the national corrective action program system as appropriate.

Situation Assessment, to include damage and needs assessments, is being addressed as part of the enhancement to Emergency Support Function #5. FEMA recognizes the importance of Situation Assessment and has put major emphasis on its enhancement.

Question: The response to Hurricane Hugo made it very clear that Federal agencies were very unsure of what role they were supposed to assume in disaster response. They had not trained and it wasn't a priority. How will you get other agencies to make their disaster preparedness and response role a priority?

Answer: By signing the Federal Response Plan in April, 1992, 26 Federal agencies and the Red Cross agreed to lead or support roles within 12 emergency support functions of the Plan. In order to provide better training to emergency managers at the Federal level, the Training and Exercise Work Group under the Federal Response Planning Task Force has developed a needs assessment and recommendations for priority categories of emergency management training. We believe that as appropriate training courses are developed and made available to these other agencies, there will be no problem in finding receptive audiences.

Question: When will FEMA develop operational plans that really describe the specifics behind the Federal Response Plan, including clear chains of command, how the different agencies will interrelate, and how the federal plan will operate with state and local plans?

Answer: The Federal Response Planning Task Force has looked at these issues and has developed guidance which will be used to more specifically address these items. FEMA Regional Offices have also been working on Regional Response Plans to implement the Federal Response Plan at the regional level, in conjunction with State response activities. A project funded by FEMA with the State of North Carolina is also developing a common planning framework for State plans to interface with the Federal Response Plan (FRP). In FY 94 FEMA plans to have a viable and implementable FRP. :

Question: It has been suggested that the White House play a larger role in disaster response. The National Academy of Public Administration recommended the creation of a Domestic Crisis Monitoring Unit within the White House. Would this help prevent the ad-hoc approach to catastrophes that has occurred in the past, where the President has sent in the various cabinet secretaries to head up relief efforts?

Answer: We believe the close working relationships established with the White House will assure a greater continuity than in the past. Furthermore, the current director of FEMA is a professional emergency manager with an extensive background in handling disasters. This in conjunction with improvements we are making to our disaster response readiness will ensure a rapid and effective response to any disaster.

Question: Should the White House play a greater role than just monitoring and ensuring necessary clout? Should the White House be involved in getting other agencies to train and exercise?

Answer: One of the recommendations of the recently completed Federal Response Planning Task Force Report is that "the Director of FEMA seek the President's endorsement of the Federal Response System." The Federal Response System is the term that the Task Force used to describe the Federal resources and procedures which support the interagency Federal Response Plan published in April 1992. The plan describes how the Federal Departments and Agencies operate in a disaster under the authority of the Stafford Act. The Stafford Act provides the President the authority to direct any Department or Agency of the Federal government to use its resources to support State and local government pursuant to a Presidential disaster declaration.

In the Task Force Report were a series of specific recommendations about the need for enhanced Training and Exercises at all levels within the system to assure operational readiness to implement the Federal Response Plan. The Task Force observed that "a lack of preparedness resources is the biggest problem to be overcome in improving the Federal Response capability." Those preparedness resource shortfalls include personnel to effectively plan, exercise and train for response operations.

Question: The Utah earthquake exercise, planned for this month, is the first exercise of the Federal Response Plan. How often should this sort of exercise take place, and how effective are "tabletop exercises"?

Answer: The Federal Response Plan, though signed in April of 1992 and formally published and distributed in August of 1992, was actually in draft months before that. The draft was used as a basis for Exercise Response 91A, an exercise using a New Madrid Fault earthquake as the scenario, in August of 1991. Since then we have learned a great deal about how to implement the Plan from the responses to Hurricane Andrew and other disasters and have been improving our systems and procedures based on those lessons. Full Field Exercises such as Response 93 in Utah should be staged at least once a year. However, such exercises depend on many resources. If more resources are made available, perhaps more than one large scale exercise can be staged in a year. "Tabletop exercises" are a highly effective learning technique in which key agency staff can discuss problems and issues in depth and develop decisions through slow-paced problem solving with less stress than in a realistic exercise.

Question: FEMA is requesting \$2 million for training on the Federal Response Plan. Is this really enough? What specifically will these funds provide for?

Answer: Both exercising and skill based training are dependent

upon established federal and State policies and procedures. Many FRP implementation procedures are still evolving; therefore, given no increase in FTE for FY 94, the \$2 million request will allow us to identify specific training requirements and structure a comprehensive training program. However, it is likely that additional resources will be required in the out years. Secondly, FEMA assumes that other agencies will assume the burden of training. Thus, resources for training should also be available via other agency budgets.

During FY 94 most of the requested S&E funds will be used to fund FEMA participation in training and exercises. Past S&E reductions in the Civil Defense program have virtually eliminated travel from their base. Such participation is critical to the identification of knowledge and skill deficiencies which can be addressed via training. Program funds will be used for development and dissemination of training materials for federal, State and local audiences.

DEFENSE-RELATED ISSUES

Question: The FEMA Inspector General did a report, following a hearing I held in January on improving federal disaster response, outlining FEMA's defense-related resources that could be used for disaster preparedness and response. The IG found that many assets had great potential for disaster response, such as communications and supplies and equipment. What is FEMA doing to integrate these valuable assets into the Federal Response Plan?

Answer: Defense-related resources have been used to support disaster response and recovery operations from small floods up to and including all aspects of Hurricanes Andrew and Iniki, Typhoon Omar and the storms in the northeastern U.S. in December 1992.

The telecommunications assets which take up FEMA's fixed network infrastructure and its Federal Emergency Support Capability have been designed and used for multi-hazard purposes.

The appropriate procedures, including command and control, for utilizing these assets are being incorporated into the Federal Response Plan.

Question: Why isn't FEMA realigning its staffing and organization structure to better integrate these assets into all -hazards preparedness and response?

Answer: The Director is currently reviewing the Agency's organization and resources to determine the optimal structure for implementing the risk-based, all hazards system. When this review is complete, and has been reviewed by appropriate Congressional personnel, the staffing and other resources will be integrated into the new structure.

Question: The IG report suggested that funds to maintain limited use communications assets and current levels of redundancy could be reallocated to make FEMA's assets more tailored to response and recovery in disasters. Do you agree? If so, how will you implement this recommendation? If you do not agree, why not?

Answer: We are in the process of a thorough review of FEMA's mission and functions to determine the changes that are needed to

improve the effectiveness and efficiency of the Agency. As part of this review, we will be looking at our existing programs and resource allocation to those programs. If this review identifies undue redundancy, we will deal with that issue. I believe that solid and flexible communication capabilities must be maintained and constantly improved so we can provide the appropriate support when disasters strike. It is my understanding that during Andrew and Iniki these resources provided vital links for State, local and Federal response operations. It is my intent to make sure that these resources and capabilities are used comprehensively for all the emergencies FEMA must respond to and to be an integral part of our training and exercising programs with State and local government.

Question: What are FEMA's plans to utilize its facilities, funded from the defense -related portion of the budget, which are significantly underutilized?

Answer: As part of our overall review of the Agency's mission and functions, we will be looking carefully at maximum use of these facilities.

As you may be aware, the FEMA Special Facility serves as the location for the hub of FEMA communications and information management systems. Office, warehousing, and operating space is available for use by all elements of FEMA.

It is our intent to fully utilize these facilities. For example, we have recently established satellite teleregistration centers at both the FEMA Special Facility (Berryville, VA) and the FEMA Support Center (Diner, MD). These centers act as backups to the FEMA National Teleregistration Center in Denton, TX to handle the surge in telephone calls from disaster victims. The center at the FEMA SF has already been activated; approximately 50 NP personnel were trained and supported the center earlier this spring.

The Federal Regional Center (FRC) buildings also serve as the focal point and operations center for response to all types of emergencies. They have space for emergency operations and coordination centers, communications, emergency electrical power, sleeping quarters, and dining facilities. The FRC's are used to hold exercises, meetings and conferences with representatives from other Federal agencies, and State and local governments within the Region.

I intend to continue to facility usage and administration to seek opportunities for improved efficiency.

GETTING STATES TO DO THEIR PART

Question: What are your plans to improve local government's preparedness and how will you get local governments to make emergency preparedness a higher priority?

Answer: FEMA is developing new guidance for emergency operations planning, for use by State and local governments to improve their EOP's based upon lessons learned from hurricanes Andrew and Iniki.

The Professional Development Series (PDS) of training courses, that many State and local emergency managers take, is being revised. One priority in the revision is to provide them with considerably more skills training in emergency operations planning and response operations.

A new emphasis is being placed on both States and locals to conduct realistic, full- scale exercises of response and recovery operations. These exercises will be designed primarily to test capability and to point out deficiencies in preparedness that need to be addressed and fixed.

Local governments will be encouraged to give emergency preparedness a higher priority, not only by providing better support to them, but also, by having the States work with local governments to establish performance standards. Locals that perform well in exercises and emergencies would be rewarded, and those that perform marginally would be given special assistance to improve.

Question: The budget request for state and local government is cut by \$7 million. Why aren't you requesting more funds to use as incentive for states and locals to improve emergency preparedness?

Answer: FEMA State and local support programs were cut \$13 million due to an overall requirement to reduce its Defense account activities by \$33 million in FY 1994. This budget was prepared before my appointment as director and does not necessarily represent my priorities.

In testimony before Congress I have expressed strong support for strengthening State and local programs. It should be noted that States have been granted greater flexibility in deciding which personnel to assign to the various tasks; FEMA guidance no longer assigns tasks to specific state personnel. In addition, FEMA is now couching its priorities for all hazards emergency preparedness in general terms with a menu of important, but negotiable activities.

Question: I believe FEMA should issue a streamlined, consolidated grant to States to use according to the State's own risk- based plan, as opposed to many "mini- grants" with no flexibility. I understand that FEMA plans to consolidate its grants-- but not until FY 96. Why can't you do it in FY 94? Do you believe that all of FEMA's grants issued through the Comprehensive Cooperative Agreement should be included in this consolidated grant?

Answer: FEMA intends to improve the existing CCA process to incorporate the necessary flexibility for state's risk- based plans. In addition, FEMA is investigating the feasibility of functional consolidation (e. g ., planning, exercising, training) rather than by program. Such a consolidation, possibly to be implemented in FY 1995, would eliminate much redundancy in the annual CCA guidance, and would encourage integration of like programs.

No. The seven independent legislative authorities governing the programs included in the Comprehensive Cooperative Agreement (CCA) process preclude the use of a single instrument, comprehensive emergency management grant. For example, the Federal Civil Defense Act of 1950 articulates the congressional intent of supporting the development of a strong Federal, State, and local partnership. A partnership with active Federal involvement and commitment is only feasible through the CCA process.

Funding provided under each of these authorities must be segregated to ensure that it is used specifically for the

purposes stated by the Congress. Under a single instrument, comprehensive emergency management grant, the funds would lose their identity and become fungible.

FEMA has and continues to make significant progress in enhancing the cost efficiencies of its CCA process. The national reporting CCA performance requirements will be reduced by approximately 50 percent from Fiscal Year (FY) 1993 to FY 1994. FEMA is also exploring the feasibility of using a functional rather than the current programmatic structure to integrate programs and further reduce reporting burdens.

Question: How will you encourage States to use those grants [i.e., FEMA grants issued through the Comprehensive Cooperative Agreements (CCAs)] to establish a risk -based strategy to disaster management?

Answer: FEMA is giving priority to its Survivable Crisis Management (SCM) initiative, which is meant to assist State and local jurisdictions attain a level of preparedness to enable them to survive and continue to direct and control emergency operations and continue to govern. To take advantage of the SCM initiative, a State must prepare a SCM strategic plan which must be approved by FEMA prior to funding.

Some essentials of the State SCM plan are: (a) an assessment of the risks most likely to occur within the State, (b) an assessment of the capabilities needed to adequately protect the population and continue to govern, and (c) an inventory of what is currently in place and available. Deficiencies are, thus, highlighted, and plans can then be developed to correct the deficiencies and allow the States to achieve the capabilities to meet those disasters that may occur.

Funding for construction of Emergency Operations Centers (EOC's) or alternate EOCs, emergency warning and communications equipment, and similar facilities and equipment items, all depend on acceptance by FEMA of the SCM Plan drawn up and submitted by the State. To help the State draw up an acceptable plan, FEMA supports and SCM engineering activity for each State and Territory with funding capped at \$54,000. FEMA believes this is strong encouragement to every State to establish a risk -based strategy to manage anticipated disasters.

FEMA is also moving toward a fully integrated CCA with each State, wherein all functional requirements (e. g. , planning, training, exercising) are consolidated across programs, while retaining individual program funding identification as necessary. Such functionally integrated CCAs will permit states and FEMA to better develop an overall joint strategy for disaster management that is based on threats and risk, rather than program-by-program requirements.

Question: Would a consolidated grant enable FEMA to reduce the number of FTE in grant administration? If so, how many FTE could be redirected? If not, why not?

Answer: No. While we are seeking greater flexibility for the States under our existing CCA process, we are also seeing increased accountability. Therefore, any reduction in our FTE could jeopardize our ability to prudently monitor Federal resources.

Question: Should FEMA's emergency preparedness grants to States/locals be tied to the meeting performance standards, in order to hold States accountable? What should those performance

standards be? Should FEMA require States to enter into mutual aid agreements with contiguous States?

Answer: Currently, States negotiate their annual statements of work for each of the funded programs in the CCA for which they apply. Once the contract has been signed, FEMA Regional personnel monitor progress and review and approve final products. This process has worked quite well in the past. However, we believe there is merit in developing performance standards.

At this point it would be difficult to determine the exact nature of those standards. They would be developed in a cooperative effort involving FEMA and State and local governments.

Yes, there is no doubt that it is advantageous for all State and local governments to enter into mutual aid agreements with contiguous jurisdictions. FEMA strongly encourages the full development of mutual aid agreements for all States.

Question: How will you work with States to ensure consistency from State -to -State in emergency management practices?

Answer: FEMA works with States to develop basic capabilities to enable them to respond effectively in the event of a major disaster. These capabilities include: the development of all-hazards Emergency Operations Plans (EOP's) supported by detailed standard operations procedures; capabilities to direct and control an emergency operation through an Emergency Operating Center (EOC); survivable communications and warning systems; personnel trained to carry out assigned emergency responsibilities; and annual exercises to test plans, systems, and personnel. By moving towards a system which includes performance standards, we hope to achieve greater consistency throughout the nation.

Question: FEMA sets policies and establishes training programs for States, but does not monitor their performance. There are no uniform standards to judge State and local readiness. How will FEMA undertake systematic evaluations to determine whether States are ready to respond to major disasters? Will evaluations measure whether States have developed such things as integrated communications capability among emergency responders; and comprehensive inventories of supplies, equipment, and other disaster response assets? When will FEMA be able to complete an evaluation of each state's capabilities?

Answer: It is very difficult to conduct definitive evaluation of State's ability to respond effectively to a disaster. While most States are able to deal proficiently with an "average emergency event," a catastrophic disaster such as a Hurricane Andrew may well exhaust the resources of the best prepared State. Also, response capacity is not a static commodity; it may increase or even decrease at any given time depending on financial resources available to correct identified deficiencies. However, there are some tools which provide an indication of a State's current capability. The Capability and Hazard Identification Program (CHIP) is a survey in which the states provide a self- assessment of their capabilities in areas such as legal authorities, plans, facilities, equipment, training and exercising. In completing the Capability Assessment in CHIP, State and local jurisdictions first identify capability shortfalls which form the basis for corrective action. Second, emergency management exercises, particularly full- scale exercises, are conducted to test the jurisdictions emergency

plans, facilities, equipment, and personnel. Post exercise critiques are conducted to identify deficiencies and recommend actions to correct problems. Third, response to an actual disaster occurrence is perhaps the most effective evaluation of existing capabilities. Critiques of disaster response provide a basis for ensuring a more effective response in future emergencies.

We cannot provide a definite date, but we are evaluating resources necessary to begin a State evaluation program. In the interim, we have completed a report of the readiness posture of the 19 coastal states, Puerto Rico, Virgin Islands, and the Pacific Rim States which are most at risk from hurricanes. Results can be categorized as follows:

- o Local State and Federal Coordination: Local and State officials are generally comfortable working together, but some States identified the need to improve their interaction with updated plans, more aggressive local emergency management, and improved working relationships.

Turnover of elected and appointed officials, especially at the local level, makes it difficult to maintain coordination' during planning.

There is concern that even States which are aware of the FRP concept/implementation will struggle implementing joint operations without extensive mutual planning and training. Local, State, and Federal officials need to plan and conduct full- scale exercises together.

The existence and use of mutual aid agreements vary considerably, with some States believing they need to substantially update existing ones.

- o Resource Management: This is an area of concern for almost all States, especially related to establishing priorities for resources needed and managing a large influx of donated goods. This may be one of the critical "weak links" in response to a large scale hurricane.

Systems exist for identifying State assets and resources that can be accessed readily.

A computerized resource management system is a recognized need. Funds are not currently available.

Plans need to focus on receipt/control of resources, identification of critical resources, distribution systems, control of unsolicited goods, logistics, and databases.

Debris removal plans exist, but are not adequate for large quantities of debris.

- o Mass Care: Most States feel comfortable with their ability to manage short-term shelter requirements, especially because of American Red Cross support. Almost all States, however, are concerned about long-term capabilities.

Short-term requirements are compounded by seasonal populations along coastal areas.

Some States cited concern for structural integrity of facilities currently used for shelters. Structures need to be resurveyed to consider the probable impact of catastrophic hurricanes.

Weather conditions in the northeast may preclude use of some mass care measures adopted by Florida officials after Hurricane Andrew. Capabilities are extremely limited on Hawaii and island territories.

More detailed operational plans and procedures are needed for long-term care.

- o Evacuation: Capabilities are generally perceived as "good," with evacuation plans coordinated among various local and State authorities.

Evacuation plans to support special needs populations and critical facilities are not as effective as desired (in most States).

Evacuation plan updates should include changes in population and growth. Federal assistance is necessary to support updating plans, moving people prior to a Presidential Disaster Declaration, and protecting critical facilities.

- o Public Alert and Notification:

Public alert/notification are enhanced by good working relationships with the media.

Reliance on the EBS varies depending on the status of the system in particular States. EBS is considered out-dated technology or in need of substantial overhaul in many States.

Route alerting (primarily handled by local officials) varies due to differing levels of funding, staffing, and planning.

- o Needs and Damage Assessment: Many States expressed concern about the complexity of these tasks, and their current ability to assess needs in a timely manner. Factors affecting capabilities include: inconsistent procedure; lack of training; limited data transmission capability; vulnerable communications systems; dependence on local governments stressed from managing the emergency; and lack of coordination and planning.

Some States have taken innovative steps to form Quick Impact Assessment Teams.

A more aggressive approach to moving basic support items (ice, food, etc.) into an area assumed to be severely impacted is an emerging trend.

- o Training and Exercises: Some States have regularly scheduled training programs and exercises that were assessed as adequate to meet training needs, but more States cite the need for major improvements in training programs to ensure that the appropriate officials (not just emergency managers) are better prepared to handle their responsibilities. Specific training requirements include: evacuation decision-making; State agency roles and responsibilities in response, assessment, and recovery; requesting Federal assistance; consequence management; and the FRP.

Staffing and funding shortfalls are cited frequently.

Joint exercises are necessary to test procedures and working relationships.

Turnover complicates being able to maintain effective State and local training programs.

o Recovery Management: This factor is difficult to assess, and consequently difficult to plan for when staff resources are better directed to more important priorities. It is assessed as more effective in some States where they have had experience with IA, PA, and Hazard Mitigation.

State officials identify the need for short-and long-term recovery management and planning, but have not usually dedicated resources to address these needs.

Some States comment that FEMA guidelines and restrictions make management of Federal Disaster Assistance Programs more difficult than necessary.

One State suggested that FEMA take the lead in examining short-and long-term socio-economic recovery and provide guidance.

o Public Information/Education: This factor is well supported by all media venues, especially in anticipation of a hurricane and during a crisis.

Programs are sometimes limited because of insufficient funds.

Many innovative techniques were cited, including: annual workshops that include the media; hurricane preparedness information in telephone books; and courses and conferences.

In the event of a catastrophic hurricane, public education and awareness should be given on donations needed and how they will be taken to impacted areas.

o Command and Control: Most States feel confident that they can implement their EOP's and make appropriate protective-action decisions.

The most significant problem cited is a lack of survivable communications. Emergency managers are dependent on commercial telephone lines (which are expected to fail or have heavy usage). Back-up and redundant systems are antiquated, ineffective, and unreliable.

Communications/information management systems do not take advantage of current technologies.

State and local EOC's are normally considered, too small, inadequately equipped, incapable of supporting operations, and subject to wind damage.

o Mitigation: Nearly all States expressed that funds for mitigation programs should be made available prior to disasters before losses occur.

Some mitigation programs have been delayed or hampered by unclear FEMA eligibility guidelines, or lack of State matching funds.

States having benefitted from funds after a Disaster Declaration cite more success in hazard mitigation programs.

More staffing resources should be available for mitigation planning and programs.

Question: I believe that states which do not do their part should not get a free ride on the taxpayer. One way to get states to "play ball" may be to require disaster-stricken states which did not meet performance standards to pay a higher share of federal aid for long term recovery aid. Is this an appropriate

"stick" to get states to do their part? Do you believe FEMA should withhold all long-term recovery funding from states which are not in compliance with standards?

Answer: Incentives for preparedness and appropriate mitigation are essential. FEMA believes positive incentives may be more appropriate than penalties.

Question: In your opening statement, you indicate that FEMA is in the process of developing an interstate compact and you will be encouraging states to adopt it as a mutual aid agreement. Please explain the details of the compact and how you will get states to adopt the agreement.

Answer: The interstate compact is basically intended to allow States to "share resources" with each other during emergencies. It is not intended to replace either normal State and local responsibilities and/or capabilities, but to draw on nearby resources that could be provided quickly in order to save lives and protect property. The compact would also allow for mutually cooperative training and exercising, which would be particularly beneficial in assisting areas near State boundaries.

Many States are already pursuing this option informally through cross-training or sharing of personnel during disasters. I intend to discuss this process with the State Emergency Management Directors when I meet with them during the week of June 1 to discuss future directions in emergency management and increased cooperation between our respective levels of government.

STATE/LOCAL TRAINING AND EXERCISES

Question: Do you think the budget for state/local training is adequate? What do you think is really needed?

Answer: No. It is obvious, based on the State and Local responses to catastrophic disasters, that there needs to be an increase for State and Local training and support. Because there has been no increase over the past six years, states are reducing the support they give to local participants in courses delivered in the field. We will be taking into consideration the appropriate level of funding for this area as we develop budget requests for future years.

Question: According to GAO, there are deficiencies with the way FEMA trains state and local government. Dade County's Emergency Management Director, Kale Hale, said she was offered generic management training designed to enhance skills such as keeping program budgets, but no specific training in things like damage assessments. What are your plans to improve the quality and relevancy of training?

Answer: While EMI has offered some operations and response related training for many years, we are in the process of expanding such training to meet the needs identified in Hurricanes Andrew and Iniki. EMI has developed disaster response and recovery courses and delivers them at the National Emergency Training Center, in the field, and through independent study. Courses recently introduced to the curriculum address disaster recovery operations, disaster assistance, community emergency response, and response to mass fatalities incidents. In addition, other response and recovery areas have been identified for course development in the near future, including damage assessment and emergency operations center training.

Examples of specific initiatives undertaken by EMI to improve quality and relevance of training include:

- o Developed and pilot tested the following courses to augment response/recovery training:

- o Developed 4 courses ready for field deployment in FY 94 addressing incident management which complement the National Fire Academy's field Incident Command System (ICS) courses for fire personnel: ICS for Law Enforcement, ICS for Public Works, ICS/Emergency Operations Center Interface, and a module on ICS in hazmat incidents.

- o Revised public information curriculum to include a basic independent- study module, a field delivered course, and resident advanced training.

- o Developed and pilot- tested Disaster Response and Recovery Seminar targeted at public officials and their emergency management personnel.

- o Included a State/Federal Response Exercise as an activity in the 1993 State Emergency Management Directors Seminar jointly sponsored by FEMA and the National Emergency Management Association.

- o Developed and revised based on experience in Andrew an Emergency Response Team (ERT) Leadership Seminar for potential Federal Coordinating Officers and senior FEMA disaster managers.

- o Deployed a new independent study course on Disaster Assistance.

- o Expanded the Integrated Emergency Management Course (IEMC) curriculum to include hurricane and terrorist scenarios.

- o Developed several job aids to support Disaster Application Center operations.

- o Based on an analysis of current EMI curriculum against key response and recovery functions, planned or initiated development of training in the following areas:

Damage Assessment

FRP Overview for State and Local Officials

EOC Operations

Disaster Needs of the Disabled and Elderly

FRP Implementation Procedures for Federal Officials

FEMA is also working to expand the availability of training to audiences (volunteers, part- time employees, and other Agency personnel) who cannot afford to be away from their jobs for a week of training by expanding EMI's distance education curriculum.

- o Withdrew the following courses with significant references to nuclear attack from our active curriculum. (Will maintain for reference and/or use should the world situation change):

Fallout Shelter Analysis Course

Fallout Shelter Management Course

Shelter Systems Officer Course

Aerial Radiological Monitor Course

In addition, three courses from EMI's radiological defense series have been withdrawn, and relevant segments are being integrated into other radiological training.

EMI is in the process of restructuring the field delivered Professional Development Series (PDS) curriculum to provide more flexibility and address operational issues. EMI sought input from State and local personnel on desired changes in EMI's PDS curriculum.

Question: FEMA requires states to undertake one tabletop exercise each year, and one full-scale every four years. Is this really adequate? What should be the minimum requirements?

Answer: FEMA has historically required that States undertake one functional exercise each year, which is substantially larger in scale than a tabletop. A functional exercise is designed to focus on testing, under simulated conditions, the policies, procedures, roles and responsibilities of individual or multiple emergency functions either before, during or after any emergency period. These functions include, at a minimum, Direction and Control, Communications, Warning, Emergency Public Information, Evacuation, Reception and Care, In-Place Protective Shelter, Health and Medical, Law Enforcement, Public Works, Fire and Rescue, Radiological Protection, Human Services and Resource Management. Such an exercise involves activities that are usually performed in some type of operating center, the field or a combination of both in which time constraints are applied. Functional exercises normally run for 2-8 hours and are followed by an evaluation or critique.

While FEMA would prefer to see more exercises on a regular basis, current funding limitations make it difficult for many State and/or local communities to design, develop, conduct, and evaluate exercises. However, FEMA has substantially redesigned its State and Local Exercise guidance for the Fiscal Year 1994 Comprehensive Cooperative Agreement, currently being negotiated with the States, to focus on consequence management, i.e., those actions that must be taken after a disaster or emergency, regardless of cause. The new FEMA State and Local Exercise guidance is the result of an 18-month cooperative effort between Federal, State and local exercise and training personnel to redefine, refocus, and redirect exercise guidance.

Exercises conducted in FY 1994 under current FEMA guidance will be based on the testing and evaluation of emergency functions rather than on specific scenarios (i.e., natural, technological or national security emergencies). State and local governments will be required, throughout the 4-year exercise cycle beginning in FY 1994, to test a minimum of four functions during each of three years. A full-scale exercise is to be held at any time during this 4-year cycle in order to either identify problem areas that require correction or demonstrate corrective actions that have already been taken.

This functional approach to the design, conduct and evaluation of exercises will allow (1) exercises to focus on testing and evaluating the capabilities necessary to respond to the common effects of all hazards; (2) greater attention to be placed on the specific emergency functions that are critical to emergency management, etc.; (3) elimination of the requirement to develop scenarios on the basis of hazards types, which could detract from the primary mission of exercising specific functions; and (4) provide flexibility to State and local

governments in planning their exercises for the 4 -year exercise cycle.

In addition, primary focus in exercises is being placed on not just the conduct of exercises, but identifying deficiencies, evaluating and assessing implementation of the emergency functions being tested, identifying corrective actions, and contributing to increased operational preparedness capabilities of State and local jurisdictions. FEMA is also encouraging State and local governments to identify strengths demonstrated during an exercise to ensure jurisdictions continue to focus on past accomplishments to prevent strengths from becoming weaknesses.

Question: Many States have said their disaster exercises do not adequately prepare them to respond to catastrophic disasters. How can FEMA help states undertake exercises that will really equip them to respond to catastrophes?

Answer: We agree that exercises are not currently designed to prepare States for catastrophic disasters. We are taking steps to correct the problem.

One percent of the Emergency Management Assistance (EMA) funds allocated to FEMA are to be used to fund State full-field exercises each year. This will amount to an estimated \$686,000 each year. We have received just under 20 proposals from States which are currently under review. We are giving particular priority to hurricane exercises at this point given the start of hurricane season; however, we will be evaluating each proposal on its own merit.

FEMA's State and Local Exercise guidance in the FY 1994 Comprehensive Cooperative Agreement strongly recommends that State and local governments conduct exercises that include requests for Federal assistance and, to the extent possible, interaction with the Federal Government under the Federal Response Plan. This would simulate the types of activities that would take place in the response to a catastrophic disaster.

We conducted Exercise Response '93 during the week of June 1 in Salt Lake City, Utah. Based on a simulated catastrophic earthquake on the Wasatch Fault in northern Utah, the materials used to design, develop, conduct and evaluate the exercise can be used to assist other States in developing their own exercises for catastrophic disasters.

Question: How will you ensure that state and local governments have emergency operations plans that are able to link with the federal response plan?

Answer: We are currently in the process of revising our planning guidance for State and local governments. The revised editions of the guides for both developing and evaluating emergency operations plans will include "lessons learned" from last year's hurricane experiences and will be closely aligned with the federal response plan, which is also under revision. As State and local plans are upgraded to comply with the new guidance requirements, they will be validated through FEMA's new exercise regimen.

In the meantime, State and local planners will be improving and upgrading their current plans in accordance with the 1994 Comprehensive Cooperative Agreement requirement to incorporate

federal response plan interface into State and local emergency operations plans. This interface should include a crosswalk between State functional areas and federal emergency support functions as well as an accommodation for an advanced element of the federal emergency response team.

STRIKE TEAMS FOR DAMAGE AND NEEDS ASSESSMENT

Question: Is FEMA's "situation assessment" capability "ready to go" for natural disasters, or is fine-tuning needed? Does FEMA have the capability to do situation assessments on its own, or will it rely on other agencies like NASA or DOD? Which other agencies should be included on teams of experts to perform damage and needs assessments, as recommended by the National Academy of Public Administration? How often should the teams exercise?

Answer: FEMA and other agencies have experienced staff capable of conducting situation assessment activities, to include both damage assessment and needs assessment. FEMA has further developed an incident assessment team concept to carry out this overall situation assessment function to address critical impacts and identify needs based on the impact. In support of this activity, FEMA has recently developed draft Standard Operating Procedures for the ground assessment, and aerial assessment functions. Training of personnel to staff ground assessment functions is being offered this summer.

The situation assessment capability includes the use of prediction models, ground assessment and aerial assessment to obtain as complete a picture of the situation in the shortest time in order to move resources to the affected area. The incident assessment team concept for ground assessment is based on using an interagency team with specialists focusing on critical damage and resource needs as anticipated under the ESFs of the Federal Response Plan, as well as for other disaster program requirements like temporary housing and restoration of public facilities. Personnel from NASA and DOD, as well as other agencies, will be utilized to support all areas of situation assessment.

The proposed core incident team composition includes representatives from the Departments of Agriculture (Forest Service), Defense, Health and Human Services, Transportation, the American Red Cross, Environmental Protection Agency, Small Business Administration, and U.S. Coast Guard, and FEMA. Other agencies will be called on to provide support to the core representatives.

A training curriculum is under development to orient and train the teams, to include periodic exercises and real world activity to keep the teams current and capable.

DISASTER RELIEF SHORTFALL

Question: I understand that FEMA does not anticipate needing a supplemental for FY 93, if FEMA is able to recapture housing funds which HUD is unable to spend and if the President requests the release of the \$ 143 million contingency fund currently available. For FY 94, however, FEMA's budget falls short of current projected needs by at least \$400 million in FY 94. Why aren't you requesting what is really needed for the disaster relief fund? When will you require the additional funds? What will be the impacts if FEMA is not able to recapture the HUD monies-- will you need a FY 93 supplemental?

Answer: An appropriate funding level for the Disaster Relief Fund, which is a no-year fund, is difficult to determine. Annual obligations from the Fund are ultimately a function of the total number, frequency and magnitude of disasters occurring during any given year and the carry over requirements from previously declared disasters and emergencies. The FY 94 funding level represents the historical annual average obligation level of \$320,000,000, less anticipated regulatory savings of \$28,000,000.

FEMA will require additional funds in FY 1994 to make up for the shortfall in the Disaster Relief Fund. We expect to enter FY 1994 with \$862 million in unfunded requirements from prior disasters. The average disaster costs in the last 10 years is \$607 million.

When we appeared before the Committee earlier this year, we thought we might have to request a supplemental appropriations for FY 93. The damages from the unprecedented flooding in the midwest have made a supplemental appropriations essential. Since the Department of Housing and Urban Development can request a transfer of funds through September 30, 1993, any residual funds will not be available for FEMA use until FY 94.

On July 14, 1993, the President requested a supplemental appropriations request of \$800 million, subsequently amended to \$815 million for the Disaster Relief Fund. The request is currently under consideration in the Congress.

EMERGENCY FOOD AND SHELTER

Question: FEMA is requesting \$123 million for Emergency Food & Shelter, a \$6 million decrease. While FEMA has prided itself on minimal administrative expenses associated with running the program, it has not in the past done any real assessment of whether the program is fulfilling its intended purpose. Last year, the I.G. found significant problems with this rental/mortgage assistance part of the program. The I.G. found, among other things, that funds weren't always going to people who are needy; and there is no system in place in many jurisdictions to avoid duplicate payments to individuals. What are you doing to address the deficiencies identified by the I.G., and ensure that funds are going to the most needy recipients of this vital aid, particularly as funds have decreased? Do you think FEMA should devote more funds to oversight of this program?

Answer: To address the concerns in the I.G. report, FEMA took two steps. First, we mandated a procedure that was in place in many areas; that if more than one agency in a jurisdiction was providing rent/mortgage assistance, a coordination system had to be in place to prevent duplication. This appeared in our Key Changes page sent to Local Board and Local Recipient Organizations and in our Program Guidelines for 1993.

Second, FEMA asked the National Board to contract out for a review of that component of the EFS program. The EFS National Board asked the Urban Institute to review the Rent/Mortgage/Utilities (RMU) component of the program (the National Board added utilities as a consideration since it amounts to more than 12% of all expenditures and presents challenges similar to rent/mortgage). The Urban Institute made site visits, compiled an extensive survey instrument that was filled out by local participants, and followed up with phone calls to selected agencies.

The Urban Institute concluded that most agencies appear to make "substantial efforts to channel EFS RMU funds to the types

of people" that the program is intended to serve. The report also notes that "Most LRO's recognize and exercise their ability to screen, make demands of applicants, and refuse assistance to abusers, including landlords." However, the Report also noted that some agencies are unaware of their own authority or are reluctant to exercise it. Based on that fact, the report recommended that FEMA and the EFS National Board develop a Technical Assistance Manual highlighting exemplary practices. We are following up on that recommendation. It is our intent to have this Manual be principally written by local providers that are exercising care and judgement in the administration of this component of the EFS program.

FEMA and the EFS National Board currently require interim and final reports and that all documentation of spending be submitted once every three years or more frequently for new participants or for agencies that have experienced audit difficulties in the past. In addition, FEMA and EFS staff make numerous site visits and conduct nearly two dozen technical workshops a year. It is FEMA's judgement that increased administrative funding at the local level would allow EFS Local Boards to exercise their monitoring responsibilities and would provide the more efficient oversight for a program that currently supplements 2,600 communities and more than 10,500 agencies.

FEMA'S RECOVERY PROGRAM

Question: FEMA's long-term recovery program has been criticized for being complicated and slow-moving. The FEMA I.G. recently completed a review of FEMA's public assistance following Loma Prieta earthquake, and found that projects were delayed for such reasons as excessive project monitoring requirements, faulty regulations and guidance, and poor relations between the Agency and the California Office of Emergency Services. The I.G. made 32 recommendations aimed at speeding up projects. The former FEMA director, Mr. Stickney, rejected virtually all of the recommendations. What is Mr. Witt's position on the I.G. report, and what are his plans to implement the recommendations?

Answer: Mr. Witt is committed to improving the delivery of assistance under the Disaster Assistance Program. We have accepted 24 of the 32 OIG's recommendations. These include those relating to project monitoring, program guidance, and staffing. We have already accomplished some of the recommendations. We will accomplish the others during the remainder of this year and during fiscal year 1994. We did not accept 8 recommendations because we think appropriate actions are currently underway to address the OIG's concerns or the recommendations are not appropriate at this time (e. g. requiring local codes to include seismic triggers).

DISASTER ASSISTANCE PROGRAMS

Question: The I.G. report on FEMA's response to Hurricane Andrew said that the array of programs for disaster victims was confusing for both victims and disaster aid personnel alike. What efforts are being undertaken to reduce the complexity of aid programs? Will FEMA propose necessary legislation to simplify disaster aid programs?

Answer: Work is actively under way to draft changes to current disaster relief authorities, with the goal of simplification in mind. In addition, FEMA has a number of efforts

completed or in process to simplify and speed the processing of assistance applications under our present authorities. These include the redesign of our assistance application form to make it both faster to complete and to increase the accuracy and consistency of grant award decisions; final field testing and deployment by this Fall of an automated verification inspection process that will increase the speed and accuracy of damage inspections for individual assistance applicants; the establishment of a satellite teleregistration facility in Diner, Maryland to augment our Denton, Texas National Teleregistration Center, and a complete redesign of our automated application processing system.

HURRICANE ANDREW

Question: What is the status of recovery efforts in South Florida following Hurricane Andrew? What more needs to be done that will involve FEMA?

Answer: Federal, State and local recovery efforts continue in South Florida. FEMA is providing funding for debris removal, temporary housing and State administered individual and family grant. As of July 9, 1993, FEMA has allocated \$992 million to supplement the ongoing recovery efforts.

It is projected that FEMA will provide recovery assistance to the State of Florida in the amount of \$1.5 billion.

Question: Secretary Cisneros was designated by the President to head up recovery efforts in South Florida. What is FEMA's role vis-a-vis the HUD Secretary? How is FEMA working with Secretary Cisneros in this regard?

Answer: Secretary Cisneros is addressing long-term recovery, i.e. where FEMA's disaster assistance ends. Director Witt has met with the Secretary and we are working closely with HUD to be sure disaster assistance under FEMA's authority is used to its full advantage.

Question: Mr. Witt, you said in testimony that some of the problems that plague South Florida as a result of Hurricane Andrew "may not be strictly a FEMA responsibility." But you said that you plan to determine what else FEMA can do. What else does FEMA plan to do in South Florida? Do you envision a new role of FEMA in responding to long-term recovery needs following catastrophic disasters?

Answer: We are trying to be sure FEMA is doing whatever it can under its authorities to hasten the recovery process and is supporting Secretary Cisneros wherever possible.

At this time we have been working with HUD and Secretary Cisneros on long term recovery from Hurricane Andrew. It seems the mission of HUD, Economic Development Agency, and other government programs are better equipped for the long term recovery than FEMA. However, Title VIII of the Disaster Relief Act of 1974, Public Law 93-288 would provide assistance but it has never been authorized or appropriated.

ADMINISTRATIVE SUPPORT SYSTEMS

Question: The FEMA I.G. identified serious and troubling flaws with the agency's administrative support systems used in disaster field offices following major disasters. In particular,

FEMA's property management procedures are highly vulnerable to fraud, waste, and abuse. According to the I.G., "The procedures cannot provide an accurate accounting of the property worth millions of dollars that was purchased to support disaster relief operations. Also there are material weaknesses in the methods used to procure and dispose of property ." What is the agency doing to correct problems identified with the administrative support systems in the field offices?

Answer: While the agency has made strides to clean up the situation described by the I.G. in the Miami Disaster Field Office, this issue is also being looked at in an interagency arena for a "bigger" fix. Earlier this year, the Federal Response Plan Task Force (FEMA and the 26 Federal departments and agencies who are signatory to the Federal Response Plan) have charged their Logistics Work Group with determining an appropriate property accountability process. The Logistics Work Group in a report, dated May 28, 1993, is proposing a process. Under the process each agency will control the items it purchases for a mission assignment. The process will expedite the transfer of items to FEMA and will improve the ability to find property during the response. The Work Group has also recommended to the Task Force that a single funding mechanism linked to the proposed property accountability system would greatly reduce property accountability related issues.

BLIZZARD OF '93

Question: What is the current estimate for the cost to FEMA for the "Blizzard of 93 ? "

Answer: Projected requirements, as of July 9, 1993, of the cost to FEMA for the "Blizzard of 93" are \$134,326,600.

Question: Of the States which received emergency declarations, which states requested and were granted major disaster declarations?

Answer: Of the states which received emergency declarations, only Tennessee, Alabama, Georgia, North Carolina, Rhode Island, Maryland, and Virginia asked for major disaster declarations. In lieu of major disaster declarations, expanded emergencies were granted to Tennessee, Alabama, Georgia, and North Carolina.

Question: What was the rationale for granting major declarations to these states?

Answer: No major disaster declarations were granted for the "Blizzard of 93." The initial emergency deliberations only provided reimbursement for limited snow plowing of major arterials, minor arterials, and collector streets to allow access for emergency vehicles. The expanded emergencies were granted because these states suffered substantial damage to critical facilities, primarily power distribution systems, which created a health and safety hazard for its citizens. The combined capabilities of the States and local communities were not adequate to eliminate the threats in a timely manner.

Question: Please provide a complete breakdown, by state, of projected requirements and obligations to date.

Answer: See the table below.

Projected Requirements and ObligationsBlizzard as of July 9, 1993

PROJ. REQUIREMENTS	OBLIGATIONS	
ALABAMA	\$10,912,460	6,102,800
CONNECTICUT	1,188,800	845,753
DELAWARE	939,290	643,863
DIST OF COLUMBIA	573,360	506,550
GEORGIA	25,240,300	15,826,483
KENTUCKY	3,040,500	2,299,900
MAINE	1,680,223	636,827
MARYLAND	9,086,960	8,233,821
MASSACHUSETTS	1,709,500	1,221,024
NEW HAMPSHIRE	1,135,315	678,438
NEW JERSEY	5,091,420	59,206
NEW YORK	5,091,420	58,442
NORTH CAROLINIA	13,403,000	10,933,952
PENNSYLVANIA	25,178,890	21,501,808
RHODE ISLAND	777,500	251,466
TENNESSEE	16,178,466	13,814,983
VIRGINIA	8,058,990	5,699,405
WEST VIRGINIA	5,040,220	2,462,083
TOTALS	\$134,326,624	91,776,804

Question: To what extent have there been emergency declarations for snow removal in the past?

Answer: There have been several previous major disaster and emergency declarations as a result of snow and/or related winter storm conditions. From 1976 to 1991, 12 major disasters were declared. From 1977 to 1979, a total of 14 States received emergency declarations. A list of these declarations is shown below:

PREVIOUS MAJOR DISASTERS AND EMERGENCY DECLARATIONS

DATE OF NUMBER	STATE	DECLARATION
FEMA -500- DR	Nebraska	April 8, 1976
FEMA -521- DR	New York	February 5, 1977
FEMA -697- DR	Idaho	February 16, 1984
FEMA -834- DR	New York	March 22, 1985
FEMA -801- DR	New York	November '10, 1987

FEMA -860-	DR	Illinois	March 6, 1990
FEMA -898-	DR	New York	March 21, 1991
FEMA -899-	DR	Indiana	March 29, 1991
FEMA -901-	DR	Maine	April 19, 1991
FEMA -909-	DR	Alaska	May, 30 1991
FEMA -928-	DR	Iowa	December 26, 1991
FEMA -929-	DR	Minnesota	December 26, 1991
FEMA -3026-	EM	Penn.	January 23, 1991
FEMA -3027-	EM	New York	January 29, 1977
FEMA -3028-	EM	Indiana	February 2, 1977

Question: Do you anticipate more "emergency" declarations in the future?

Answer: The President has the flexibility to review the circumstances of any emergency and provide assistance if the situation exceeds the State's ability to respond.

URBAN SEARCH AND RESCUE

Question: What is the status of the Urban Search & Rescue program? How has FEMA spent the \$400,000 FY, 93 appropriation, and what is planned for FY 94? How is FEMA working with DOD to develop an urban search and rescue strategy? Are all of the US&R teams required to undertake exercises? If so, how often? Who is responsible for ensuring that all US&R teams are operational and capable of responding to a major disaster where their services would be needed? In your judgment, how many teams are "operational" today?

Answer: In FY 93, FEMA will expend the \$500,000 provided for the Urban Search and Rescue (US&R) program for equipment and training for the 25 US&R task' forces in the National US&R Response System. In 1994, FEMA is requesting \$400,000 for Urban Search and Rescue (US&R) program activities. FEMA will utilize these funds to continue the development of the equipment caches and training for the 25 US&R task forces. Task forces are required to acquire FEMA-mandated equipment and training to support their expanded scope. The continued development of task force capability is in line with FEMA's commitment to send the US&R task forces with other Federal personnel and commodities to a disaster site to stage them for use by the affected State and local jurisdiction(s) in disaster response operations.

Under the Federal Response Plan, DOD is the primary Federal agency for coordination and management of two of the twelve Emergency Support Functions--Public Works and Engineering and Urban Search and Rescue. Regarding Urban Search and Rescue, the U.S. Army is the DOD executive agent for providing military logistical, medical, transportation and communications support for the task forces. FEMA continues to work with DOD to integrate the military light rescue capability and logistical support with the civilian forces to enhance the national overall Urban Search and Rescue capability.

All of the task forces exercise their capabilities periodically.

Question: Following Hurricane Andrew, the I.G. did an extensive review of the agency's disaster management program. Some flaws were identified in the Urban Search and Rescue Program, and several recommendations were made. For example, it was recommended that the Federal Response Plan be amended to describe the circumstances and triggering mechanisms for immediate deployment of

US&R task forces. Please describe for each of the I.G.'s recommendations whether they have been implemented or are planned for implementation.

Answer: Four recommendations were made regarding conducting US&R activities. The recommendations and follow up actions are described below:

Recommendation: Develop and maintain a list of State Urban Search and Rescue representatives.

Action: This has been accomplished.

Recommendation: Develop and distribute informational materials and procedures for State Urban Search and Rescue representatives.

Action: This has been accomplished using a standard briefing package and development of the US&R system description.

Recommendation: Include Urban Search and Rescue in training involving exercises with State and local government representatives.

Action: This is being accomplished currently. For instance, US&R activities are included in the Response 93 earthquake exercise in Utah on June 1- 10, 1993.

Recommendation: Revise the Federal Response Plan to describe circumstances and triggering mechanisms for immediate deployment of Urban Search and Rescue task forces in large disasters.

Action: There is a recognized need, in some instances, for FEMA and the Federal government to provide an immediate response capability in an area which is potentially or actually affected by a disaster, prior to the receipt of a request for a major disaster or emergency declaration by the Governor of the affected State. FEMA is working with GSA, the U.S. Forest Service and other agencies, to develop procedures to identify, locate, transport and deploy critical resources to an area to meet potential or actual emergency response requirements. The Advance Deployment package, or "PUSH" package, would consist of specialized teams to include urban search and rescue, in addition to critical resources such as mobile kitchens, plastic sheeting, tents, cots, blankets, bottled water, ice makers, refrigeration units and generators. Procedures to utilize this capability are being refined and will be included as a supplement to the Federal Response Plan and will be referenced in the future revision of the Plan.

FEDERAL TRAINING

Question: What is the distinction between the training and exercises' funded in the new element of "Federal Response Training" and the activities which are budgeted for under the new element "Emergency Planning and Readiness"?

Answer: "Emergency Planning and Readiness" is not work to be accomplished under the Federal Response Plan. Rather, it is work of the National Preparedness Directorate which includes readiness of mobile communications vehicles and mobilization preparedness, which is generally preparation for wartime threats. On the other hand, "Federal Response Training" is funding to provide learning experiences in how to respond to major catastrophic disasters from the national headquarters level using interagency resources under the Federal Response Plan concept.

DISASTER LOAN PROGRAM

Question: Why is there no request for community disaster loans in FY 94? How many communities have applied for and received community disaster loans over the history of the program?

Answer: Section 417 of the Stafford Act authorizes loans to any local government which may suffer a substantial loss of tax and other revenue as a result of a major disaster and which demonstrates a need for financial assistance in order to perform its governmental functions. No funds have been requested for this program the past three years, since the type of loans it provides are generally available to communities at comparable rates from commercial sources. The \$200 million available to FEMA in FY 1993 was appropriated as part of the Hurricane Andrew dire emergency supplemental. In the event of future large scale or catastrophic emergencies, this option is still available. This program does not fulfill any unmet need, however, with respect to on-going disaster declarations

Since 1974, 40 local governments submitted loan applications. Of these, 28 loans were approved for \$115.3 million, 10 applications were denied, and 2 applications (including one from Iniki) are currently being processed. Of the loans made, 15 loans have been or are being repaid with interest, 6 have been canceled, 6 (including one from Hugo and four from Andrew) are currently active, and one loan is in default.

SECURITY CLEARANCES

Question: The agency's practices with respect to security clearances have been strongly criticized in the past. What is the agency's current policy with respect to requiring security clearances? What is the status of revising the agency's security procedures and standards? How many employees currently hold security clearances?

Answer: The current policy is that only individuals in positions that require access to classified information will have a security clearance. Justifications for continuation of clearances for NATO and Q clearances have already been requested from supervisors and for those individuals without adequate justification the accesses are in the process of being removed. A review of all SCI access is scheduled for this coming July when the latest report is received from the Central Intelligence Agency. In addition a position sensitivity and risk level determination program is getting underway in response to recommendations of the Security Practices Board of Review. This program will include a requirement to justify continuation of clearances for all employees.

A re-drafted National Security Position Personnel Program Manual has been prepared for agency concurrence prior to publication. It includes the recommendations of the Security Practices Board of Review and accordingly revises the agency's security procedures and standards, where necessary. The target date for publication is mid-July 1993.

Number of current clearances:
 1610 Top Secret
 372 Secret

HQ/FIELD RELATIONSHIP IN DISASTERS

Question: The relationship between the Federal Coordinating Officer and the Associate Director for State and Local Programs and Support during immediate disaster response has led to some confusion in the past, and a lack of clarity about who is really in charge and accountable for the response effort. What is FEMA doing to clarify and improve the relationship between headquarters and the field during disasters.

Answer: This confusion resulted in the interagency arena in part because of the dual role played by the Associate Director for State and Local Programs and Support, i.e., FEMA role/position as Chair of the Catastrophic Disaster Response Group. Since the Federal Response Plan was not issued in its current form until April 1992, only months before Hurricane Andrew, the lines of authority and command contained in the Plan were not familiar to all players. Earlier this year, the Federal Response Plan Task Force (FEMA and the 26 Federal departments and agencies who are signatory to the Federal Response Plan) have charged their Operations and Operations Systems Description Work Groups with clarifying the role of the Associate Director for State and Local Programs and Support/Chair of the Catastrophic Disaster Response Group.

REGIONAL OFFICES

Question: FEMA has 775 staff in 10 regional offices. The National Academy of Public Administration has suggested that FEMA reduce the number of regional offices to as few as 4. I believe if this recommendation is followed, these offices should be based in high-risk areas. Is this feasible?

Answer: The Agency plans to look at this issue very carefully. The recent studies and task force reports which have developed recommendations on FEMA's organization and functions will be given close consideration as we review FEMA's mission and organization.

In the NAPA report, they suggest the FEMA regions be reduced to coincide with the four-region organization of the Continental U.S. (CONUS) Army. The report mentions the military's role in responding to major catastrophes and that the CONUS Army boundaries closely approximate the incidence of declared major disasters over the past ten years. The FEMA regional offices, however, are responsible for implementing a wide range of emergency management programs besides disaster assistance: floodplain management, flood insurance, hazardous materials, radiological emergency preparedness, to name a few. Thus, FEMA's operations and activities are more closely tied to the organizations and structures of State and local governments and other federal agencies, not to the CONUS Army structure.

The political aspects and ramifications of proposing to close a regional office in a particular State or Congressional district could be significant because of the adverse economic impacts that could result in that State or district. Also, affected State governments may become concerned over the ability of a FEMA regional office to provide adequate attention to a larger number of States.

As a primary concern, we would need to review whether a reduced number of regional offices could adequately administer and deliver FEMA programs and services to our clients: State and local governments, emergency management officials, other federal agencies, and the public. If one considers the recent establishment of FEMA field offices in Puerto Rico and Hawaii, real world experience indicates the need for closer, more frequent contact with State and local emergency management constituencies rather than fewer, more remote regional office locations.

The FEMA regional offices provide the structure and the mechanism by which the Agency provides direct guidance, resources, and assistance to the emergency management community at the regional, State, and local levels. As the implementation arm of the Agency, they serve as the primary source through which FEMA policies and programs are coordinated, delivered, and accomplished in the field. With this in mind, we must be very attentive to the needs of the States and localities in considering such a proposal.

Question: How quickly could this be accomplished?

Answer: This is a difficult question to answer without a detailed impact study to determine the necessary planning, coordination, and logistics necessary for such a major change. Some primary considerations would be the short-term and long-term budget implications, the effects on the existing personnel both in terms of morale and economic impact, and the impacts on Agency program functions and their operational effectiveness.

Question: How would you evaluate the appropriate location for these regional offices?

Answer: The ten FEMA regions conform to the geographical boundaries and office locations of the standard federal ten-region structure. Under this policy, a reduction in number or relocation of FEMA regional offices would require prior approval from the Office of Management and Budget. Such a proposal would also require consultation with other federal agencies and with State and local governments which would be impacted by the proposed change.

The standard ten-region structure was established to promote core systematic coordination among federal agencies and State and local governments, and for obtaining management improvements and economies through greater interagency and intergovernmental cooperation. Because FEMA heads the coordination effort of the Federal Response Plan (FRP), frequent dialogue and meetings with other federal agencies is imperative and critical in effective implementation of the Plan. Having FEMA regional offices located in the standard federal cities greatly facilitates FEMA's interagency activities.

A fundamental question that requires investigation is what are the ultimate benefits that would result from reducing and/or moving the regional offices. Evaluating an appropriate location would require intensive cost-benefit studies to examine region-by-region the costs incurred versus the benefits derived in moving to a new site. Relevant considerations include direct cost requirements, such as office and personnel relocation expenses and changes in administrative and logistical support costs. An impact study to review and evaluate such a proposal would also require a comparative analysis of current versus proposed staffing levels of regional offices and an analysis of FEMA's mission factors, such as distribution of workload, location of clientele, and travel requirements. Another important factor is the ownership status of the current regional facilities; some regional offices are located in GSA-owned buildings while others are in facilities owned and maintained by FEMA.

With regard to basing the regional offices in "high-risk areas", locations of the FEMA offices should not be situated so as to put the FEMA staff and facilities in harm's way where they could be rendered inoperative during a major disaster or emergency. It is important that the FEMA infrastructure remain in control of the response and recovery efforts and are able to coordinate information flow and operational activities.

Question: What would be the impact on the States if regional offices were reduced in number?

Answer: This is also difficult to answer without a detailed impact study. The primary role and purpose of the FEMA regional offices are embedded in the Agency's relationships with federal agencies and State and local governments. Success in the effectiveness of response to a major disaster or emergency is directly related to the level of preparedness and capabilities at the State and local levels of government. Solid working relationships and meaningful communication between FEMA and State and local emergency management agencies is essential to achieving a strong comprehensive emergency management program across the Nation. This is best accomplished at the regional level, the closer to the "clients", the better.

A key benefit of having ten regional offices is the ability to implement FEMA policy in a way that takes into consideration the unique conditions and circumstances of a particular State and locality. With ten regions, each regional office has responsibility for a manageable number of States. Thus, FEMA is able to be responsive to the needs of the States and localities in the respective region and can provide more personalized service.

The regional offices are "closer to the People", dealing with State and local constituencies on a day-to-day basis, and are aware of the differing climates, local political environments, and varying capabilities. They learn of the diverse interests and unique needs of their particular States and localities, and can tailor program delivery to the particular circumstances or situations. The regional offices provide flexibility for specific considerations in the field, thereby enhancing the appropriateness and effectiveness of FEMA policies and programs as a whole.

In order to strengthen emergency management preparedness at the State and local levels, FEMA may be able to best serve the emergency management community by maintaining the current ten-region structure. Each regional staff is able to establish regular contact and rapport with the State emergency management officials because of their geographic proximity and knowledge of regional circumstances. The regional offices are also able to develop a knowledge and understanding of State and local operations and capabilities, and to coordinate timely integrated response and recovery operations, because of their nearby presence. They serve as the "eyes and ears" of the Agency by gathering information on the operational capabilities of other federal agencies and of State and local governments, and by providing feedback to Headquarters regarding the effectiveness of Agency policies and programs.

In summary, a reduction in the number of FEMA regional offices could result in a degradation of the Agency's ability to provide an appropriate, effective level of support and service to the States; however, a conclusive analysis has not been conducted. Uniform policy implementation and budgetary savings are a few of the factors suggested as reasons for fewer regional offices, but supporting data for such rationale has not been developed.

RADIOLOGICAL EMERGENCY PREPAREDNESS PROGRAM

Question: Utilities have been extremely concerned about the costs charged by FEMA for nuclear power plant exercises. In particular, utilities have said that they do not receive any specific justifications for the expenses for which they are charged. (1) What is FEMA doing to improve the reporting of information to nuclear utilities on the basis of charges assessed by the Agency? (2) What is FEMA doing to reduce or contain costs assessed by the agency to nuclear utilities? (3) How do FEMA's charges for similar services compare to charges by the Nuclear Regulatory Commission? (4) How do FEMA's contractors' charges for similar services compare to NRC contractor's charges?

Question: What is FEMA doing to improve the reporting of information to nuclear utilities on the basis of charges assessed by the agency?

Answer: In the Fiscal Year 1991 and 1992 Radiological Emergency Preparedness (REP) Program user fee collections, implemented under the authority of the Independent Offices Appropriations Act of 1952 and codified under 44 CFR Part 353, FEMA billed the nuclear utilities every six months for REP Program services. Under 44 CFR Part 353 it was intended that approximately 40 percent to 60 percent of the REP Program budget would be collected. The first user fee bill sent out by FEMA indicated the total amount due from the utility and was broken down only into total FEMA staff charges and total contractor charges. Following this billing, numerous utilities indicated that they would need more details on the charges in future billings.

In an attempt to be responsive to the requests from the utilities for more detail, FEMA designed an enclosure to be included with subsequent bills. The enclosure provided details on the FEMA staff charges and contractor charges, delineated by month, and included staff hours and charges, number of employees involved, description of activities performed, and travel charges. This enclosure was included in the two subsequent billings under 44 CFR Part 353. Based on feedback received by FEMA from the industry, the enclosure was appreciated and provided, for the most part, the additional detail they were looking for to support the charges. The industry also appeared appreciative of the many hours spent by the Field Operations Branch Chief to respond by telephone to questions of various individual utilities about specific bills and the general billing process.

In Fiscal Year 1993, FEMA is authorized by Public Law 102-389 to recover all of the REP Program budget through user fees. The new billing format is currently being developed; however, at a minimum, the same level of detail included with the 44 CFR Part 353 bills will be provided to support the charges. FEMA understands that it is critical to the utilities to have adequate details to support the FEMA user fee charges and, to the maximum extent practicable, detailed supporting information will be provided in all future bills.

Question: How do FEMA's charges for similar services compare to charges by the Nuclear Regulatory Commission?

Answer: FEMA's Radiological Emergency Preparedness (REP) Program is responsible for reviewing the adequacy of off-site radiological emergency response plans and preparedness implemented to protect the public health and safety in the event of an emergency at a commercial nuclear power plant. Findings based on the plans and preparedness reviews are forwarded to the U.S. Nuclear Regulatory Commission (NRC) for consideration in the initial licensing or continued licensing of the nuclear power

plants. The NRC has the overall authority for regulation and licensing of the nuclear power plants which includes making all on-site and off-site licensing decisions. However, NRC does consider FEMA's off-site planning and preparedness findings in its licensing decisions. Off-site radiological emergency planning and preparedness activities performed by FEMA staff in Fiscal Year 1993 will be charged at an hourly rate ranging between \$117 and \$130 per hour. On-site emergency planning review activities performed by NRC staff will be charged at a rate of \$132 per hour in Fiscal Year 1993.

Question: How do FEMA's contractors' charges for similar services compare to NRC contractors' charges?

Answer: FEMA's contractors primarily support it in the review of site-specific off-site radiological emergency planning and preparedness activities required in implementing the Radiological Emergency Preparedness (REP) Program. Two Department of Energy laboratories, the Argonne National Laboratory and the Idaho National Engineering Laboratory, provide most of this support. Two other private sector contractors account for a small portion of FEMA's contract dollars in the REP Program. The average hourly rate for these contractors, depending on the specific task, ranges between \$43 and \$100 per hour, not including travel, overhead, and other administrative costs. The NRC's contractors perform tasks related to on-site emergency planning activities and other NRC -licensing responsibilities. The rates charged by the NRC contractors are generally comparable to those charged by FEMA's contractors for similar work.

INSPECTOR GENERAL

Question: The budget request for the FEMA IG is \$4.8 million, an increase of \$800,000 or 20% over FY 93. Why is an increase of this magnitude necessary? How will the 2 additional FTEs be used? Please provide a complete breakdown of the requested budget:

Answer: The IG's actual obligations in FY 92 were \$4,976,000. After the IG's request for FY 93 was cut by about 50 percent to \$3,000,000, the final budget became \$4,000,000 through a permissive transfer authorized by the Conference Committee. The request for \$4,800,000 is designed to restore the capability of the IG office to its FY 92 level of 70 FTE. The proposed restoration of funds is required to allow the IG to perform the high volume of audits and investigations stemming from the expenditures of billions of dollars in disaster relief after Hurricane Andrew. Please note that recent IG operations have led to the recovery of over \$6 for every \$1 spent by the office.

Approval of the \$4,800,000 for the IG's office in FY 94 will allow an increase from its current level of 56 FTE to a total strength of 70 FTE.

TRAVEL

Question: You are requesting an increase of \$4.3 million for travel expenses, a significant increase over the current budget for travel. I understand that the increase is primarily for travel associated with exercises and training. Please provide a specific breakdown of how these funds will be used, including how many people will be involved in training or exercises as a result of the increased funds, and how the breakdown of the budget compares to the FY 93 budget.

Answer: The increase of \$4.3 million occurs primarily in two activities: Federal Planning and Response and the State and Local Planning and Response. The Federal Planning and Response activity accounts for \$2.5 million of the increase.

In order to provide a viable, credible support system for the Federal Response Plan (FRP) and FEMA's mission under the Stafford Act, FEMA must have the resources to exercise its systems in the field with Federal, State and local emergency officials. The budget reductions in FY 1993 prevented FEMA from being able to deploy its mobile assets (MERS/MATTS/IDS) to any event that was not reimbursable, or to perform other basic mission travel necessary to keep up Federal interagency coordination efforts. Lack of travel funds has sorely limited this Agency's ability to participate actively and aggressively in the test and exercise programs of other Federal agencies and State and local governments. It is the Administration's objective to make FEMA an integrated, all-hazard operation that is out in the field working, testing, and training with all levels of government. FEMA cannot provide a leadership role if it is unable to use its capabilities.

Of the increase, \$2 million is for travel associated with the activities of the five MERS units and the one MATTS unit. These activities will include field deployments of 3 to 20 days, involving anywhere from 30 to 150 MERS/MATTS people depending on the nature of the event, and costing as much as \$150,000 per event. As an example, a larger deployment with several communications media, administration areas, power, climate control, refueling, and related life support may include 25 to 30 vehicles and equipment, and 40 to 50 support personnel operating 16 to 24 hours a day over a 2 week period. Specific examples of MERS/MATTS training/exercising activities include the following:

- o Funds to support non-reimbursable preparedness exercises such as the National Disaster Medical System (NDMS), nuclear power plant exercises, and Regional and State exercises.

- o Funds to support the field testing of a mobile field deplorable situation assessment capability.

- o Funds to cover full field tests and exercises of FEMA's emergency response support assets (communication, ADP, and life support) with Federal, State, and local all hazard activities.

- o Funds to package and test life support assets to support the requirements of the FRP: food, tents, cots, field equipment, power generation, etc. The requirement is for a self-contained, self-sustaining Disaster Field Office supporting, initially, 50 people for 10 days. The MERS personnel will perform this work and test it in the field.

The remaining \$500,000 of the \$2.5 million increase is associated with:

Training and exercising of the Federal Response Plan and other events that involve Federal emergency management personnel.

Installation, modernization, and upkeep of the national networks.

The remaining amount of the travel increase (\$1.9 million) is primarily associated with the programs of the State and Local Planning and Response activity. In FY 1991, travel funds of approximately \$1.2 million were used to work in partnership with the States through a series of Staff Assistance Visits. Since FY 1991, travel funding for this purpose has declined to less than \$250,000. In addition, new responsibilities have been added. These duties include training sessions of the Federal Response Plan, response exercises, and the evaluation of State and local exercises.

As a result of these events, added responsibilities, and funding shortfalls, part of the travel funding increase can be

accounted for by the necessity to restore the Staff Assistance Visits (\$1,000,000). The remainder will be used to conduct RESPONSE '94, evaluate State exercises, and train States on the Federal Response Plan.

NATIONAL DEFENSE EXECUTIVE RESERVE

Question: The Defense Production Act provides the legislative authority for, among other things, the National Defense Executive Reserve. It is my understanding that there are approximately 2,000 volunteers in the NDER assigned to federal departments and agencies, including FEMA, that are available to augment the government in time of national emergency. However, in the 40-year period that the NDER has been in existence the reservists have not been called into active service. In FEMA's view, shouldn't this program be either utilized or abolished?

Answer: A recent baseline study of the NDER program was performed by FEMA that included input from Federal departments and agencies with NDER units. The conclusion of the study was to retain the NDER program, but to reconfigure the units and broaden their use.

Question: Has consideration been given to the possible use of the volunteers who compromise the NDER in other ways than in a national emergency, such as in disaster relief efforts?

Answer: Under section 306(b) (1) of the Stafford Act, any Federal agency, in performing any services under the Act, is authorized to hire temporary personnel as may be necessary without regard to the provisions of title 5 of the United States Code--government appointments in competitive service. Under this authority, we are of the opinion that personnel recruited under the NDER program could be hired under the authority of the Stafford Act to serve in executive level positions during disasters, short of an emergency affecting the national security.

The NDER training program would have to be adapted to include disaster response activities appropriate to the reservists' background and area of expertise.

A recent FEMA study of the NDER program indicated the need for reconfiguring the units and broadening their use beyond activation in a national defense emergency. Based on the results of the study, FEMA recommends the use of the NDER's under the Stafford Act authority, as appropriate.

QUESTIONS SUBMITTED BY SENATOR LEAHY

Question: The waters of Lake Champlain have not yet receded to normal levels. I hope FEMA teams will return to assess the damage to private property when the lake has returned to normal conditions.

Answer: Governor Howard Dean only requested assistance for State and local governments, which was authorized by the President for Addison, Chittenden, Franklin, and Grand Isle Counties. At the time of the Preliminary Damage Assessment conducted jointly by FEMA, the State and the affected local governments, it appeared that immediate assistance needs of individuals and families were being met by the American Red Cross. Many of the homes affected by the flooding are covered by the National Flood Insurance program. The total projected cost of this event is \$886,000.

QUESTIONS SUBMITTED BY SENATOR KERREY

Question: What role do you see for the states to play in FEMA, and how much of FEMA's budget is directed to help states perform that role?

Answer: Building a more effective partnership with our State and local counterparts and private industry leads directly to improving our response capability. Working as a team means we will eliminate misunderstandings and misperceptions about Federal assistance and replace them with clear understandings of the roles each of us must play in response operations. We will be able to tailor Federal response capability to meet the pre-identified needs of the individual States and jurisdictions through previously negotiated agreements and so that no delays will be encountered when a catastrophic disaster strikes. Decisions will not be made in isolation but as the result of a collegial approach at all levels.

I am committed to establishing an effective emergency management "partnership" with the States. This will include working closely with State Emergency Management Directors (I met with the State Emergency Management Directors during the week of June 1 to discuss future directions in emergency management and increased cooperation between our respective levels of government).

Three out of every four budget dollars requested are for direct support to State and local emergency management organizations. These funds, which are delivered through grants, matching programs, or FEMA-funded resources and services, provide for assistance such as personnel, training, facilities, equipment, and telecommunications support.

INTELLIGENT VEHICLES-HIGHWAY SYSTEMS ACT

Question: The Department of Transportation, in its FY 94 budget, is designating \$213.8 million for Intelligent Vehicles-Highway Systems Act (IVHS). This section of ISTEA not only holds promise for assisting motorists in avoiding congested areas and providing statistical information about how many cars travel on certain roads, but there is a potential for increasing highway safety as well.

Could the IVHS help FEMA alert state and local officials about when a vehicle, loaded with radioactive or toxic waste, is going to pass through their jurisdiction? Certainly, this kind of information could be expanded to include what's on the truck and how the substance should be handled in case of an accident.

Answer: While the technology offered in the IVHS program is interesting and has obvious potential, the kind of legislation contemplated in the question is a long way from being implemented. Based on current analysis and information available, such as the report issued by the National Academy of Sciences, the cost of implementing any real time information on a national basis is extremely high and may not be practical in the current environment.

Question: Is FEMA exploring the possibility of working with Secretary Pena and the Department of Transportation to be a part of this system?

Answer: When DOT concludes its pilot stage of evaluation and begins implementation of this program, the Federal Emergency Management Agency would be most amenable to exploring coordination with DOT. The potential benefits of the program in the areas of preparedness and response could be great. FEMA could assist DOT in working with State and locals, particularly through our many training programs.

MARCH FLOODING IN NEBRASKA

Question: The President issued a disaster declaration for 11 Nebraska counties on April 2, 1993. Does FEMA have information on how many Nebraskans have applied for assistance under this declaration, and how much does it total in Federal assistance dollars?

Answer: The President's declaration of April 2 authorized assistance to State and local governments in Boyd, Butler, Colfax, Comins, Dodge, Merrick, Platte, Sarpy, Saunders, Seward, and Stanton Counties. No assistance was authorized for individuals and families. The majority of the affected dwellings surveyed are secondary homes and are not eligible for assistance under the Stafford Act. Emergency needs of individuals and families were met by the American Red Cross. The total projected cost of this event is \$3,366,000.

FEMA'S ROLE IN THE FEDERAL GOVERNMENT

Question: What does FEMA do, or hold the capacity of doing, better than any other Federal agency or department?

Answer: FEMA is the only Federal agency whose primary mission is emergency management. It is the only coordinating agency experienced in bringing 21 Federal departments and agencies together to plan for and respond to major disasters and emergencies of many descriptions. It is successful in coordinating Federal departments and agencies in planning and training for disasters, in peacetime or otherwise. It is successful in coordinating Federal, interstate, and intrastate planning, training and exercises for disasters, as in the 7-State Central U.S. Earthquake Consortium, and in California. It is successful in mitigating damages from natural disasters through building and other performance standards. It is successful in providing insurance, such as flood and crime insurance, where the private sector has withdrawn from the market or made insurance unaffordable. It is successful in training Federal, State, and local fire and emergency management personnel to respond to the needs created by natural and technological hazards of all kinds. And with a clear mandate from the Congress, FEMA holds the capacity to coordinate Federal response to all hazards, regardless of cause.

EMA

Question: Nebraska is already receiving only approximately 35-40 percent of what is requested each year for Emergency Management Assistance at State and local levels. Last year Nebraska received a moderate increase in this program due to a program increase of \$6 million. This year, the State would like to see the same increase again to close the gap on the funding shortage in the program.

Answer: All of the funds appropriated in the Emergency Management Planning and Assistance budget category for Emergency Management Assistance are distributed to the States by means of an objective formula. One-half of the appropriation is allocated on the basis of the amount that each State was allocated in the prior fiscal year; thirty-three percent of the appropriation is allocated on the basis of current population; and fifteen percent is divided into equal shares for the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico). This leaves 2 percent for a reserve fund that is used to provide funding to four insular areas (territories and possessions of the US) and to provide some additional funding to the States. The regulations governing the program also call for States that would receive less than in the prior fiscal year to be "made whole" from the funds included in the reserve fund. There is, therefore, a very small and unpredictable amount of the total appropriation for which FEMA controls the distribution. Any significant increases or decreases in funding to the States are governed entirely by increases or decreases in the level of the appropriation.

SARA

Question: Funding this program to original levels of funding, \$5 million, would allow Nebraska to continue to train approximately 6,000 first time responders. What is the agency's proposal for this program?

Answer: After the FY 1994 budget is approved, FEMA proposes to send guidance to the States. Funds will be allocated to the FEMA Regions based on a percentage (120%) of the FY 1993 allocation. The evaluation and funding of state workplans will be done by the FEMA regional directors in coordination with the regional response teams.

ALLOCATION OF FUNDING

Grants to the States	\$4,380,000
Native American Grants	\$200,000
NFA/EMI Printing	\$300,000
Field Reporting System Support	\$40,000
Postage and "M" Accounts	\$80,000
TOTAL	\$5,000,000

Nebraska and SARA training

In past years of SARA funding, the State of Nebraska has received varying amounts of training funds. Below is a year-by-year list of amount of funding and numbers trained in that State. If funding is increased for FY 1994 over the level of FY 1993, the numbers trained in Nebraska should increase proportionately. In fact, the numbers may increase more than the 20% would indicate as in general, student costs/per class decrease as the program increases.

Fiscal Year	NE's allocation	Participants trained
FY 1993	\$94,000	3,371 (projected)
FY 1992	\$74,400	2,580
FY 1991	\$116,000	750
FY 1990	\$95,000	1,100
FY 1989 No SARA funding available for States		
FY 1988	\$78,600	3,000
FY 1987 Nebraska did not apply for SARA funding		
TOTAL		10,801 (includes projected '93)

The figure of 6000 first responders trained in Nebraska covers a period from FY 1988 through FY 1991. The FEMA regional totals equal about 5000 trained under the SARA program from FY 1988 through FY 1991. The extra 1000 probably includes those trained in Nebraska, but not charged to the SARA funding. By raising the level of funding for SARA from \$4,000,000 to \$5,000,000, the number trained in FY 1994 would probably increase 20 to 25% over FY 1993. This would produce a figure of approximately 4,213 for that fiscal year covered under SARA funding.

STATE PROGRAMS

Question: The proposed FEMA budget cut of \$7.3 million would, without time to react, cause the loss of approximately 8 additional staff persons to Nebraska's Civil Defense Agency.

The Radiological Defense Program has a big impact on Nebraska as the State has two nuclear power plants to plan and train for. There is also concern over the fact the I- 80, which stretches the length of the state, is a corridor for transporting high -level nuclear waste to storage sites located in western United States. FEMA has proposed eliminating the Radiological Defense Officers (ROD) program, citing the recognition that these programs were originally created for National Defense, and responsibility may now be turned over to the states.

Question: Does FEMA plan to review plans by states for taking over their radiological program? What will the criteria be? How will this transfer be carried out?

Answer:

- FEMA is not planning to review plans for the States to take over their respective radiological programs, because the States have had full authority and responsibility for the program. As a result, no criteria for transfer are needed since no transfer is occurring.

- Each State's radiological program has been, and remains, that State's responsibility. Beginning in FY 1994, FEMA will no longer require every State to have State-wide radiological plans for a massive strategic nuclear attack, and has reduced support in its Other State and Local Assistance budget, reflecting elimination of the requirement.

- Radiological defense planning and emergency operations for non -attack radiological threats will continue to be part of the emergency planning function supported by Other State and Local Assistance (OA) funds on a 75/25 match basis.

- FEMA is still offering support in the FY 1994 OA budget for the States' radiological instrument maintenance & calibration (RIM&C) function, and is prepared to provide up to 15 percent of the funding for this function. FEMA believes there is an ongoing need to have properly calibrated and maintained instruments in the hands of emergency response personnel to

deal with a wide range of radiological incidents. Again, how to use the OA funding is the State's decision.

Question: The state is expecting to have to cut its planning staff in half under FEMA's budget. Does, FEMA have a method of ensuring that states have appropriate programs in place to respond to emergencies? How will these plans be evaluated? What sort of follow-up does FEMA plan to perform?

Answer:

- o FEMA is still offering support in the FY 1994 Other State and Local Assistance (OA) budget for the States' emergency operations planning function, and is prepared to provide up to 75 percent of the funding for this function.

- o There is an ongoing need to update, upgrade, and otherwise improve State and local emergency operations' plans (EOP's). FEMA has developed guidance for both the development and evaluation of State and local all-hazard EOP's. In general, periodic evaluations of State and local EOP's have been required in the past, and should continue.

- o FEMA intends to develop and issue augmented guidance for emergency operations planning, based on lessons learned on emergency response in Hurricanes Andrew and Iniki. In addition, the training program is being reviewed with the objective of upgrading the training in emergency response planning and response operations.

- o For jurisdictions within 10 miles of a commercial power plant, additional planning and exercising requirements exist. FEMA will continue to perform annual plan reviews and evaluate biennial full-participation exercises for these jurisdictions. FEMA understands that the two utilities operating nuclear power plants in Nebraska already contribute funding for five full-time radiological emergency preparedness (REP) planners, one quarter-time REP staff person, and 6 percent of the costs for the Nebraska RIM&C facility.

URBAN SEARCH AND RESCUE

Question: In 1991, Lincoln, Nebraska, was chosen to participate in FEMA's Urban Search and Rescue (US&R) program. To date, I understand Lincoln has received \$44,166 with a pending agreement between FEMA and the city to receive another \$15,000. The original program called for cities to receive \$ 100,000. What is the current status of this program, and how does FEMA expect to proceed with the US&R program ?

Answer: In FY 1993, FEMA will expend the \$500,000 provided for the Urban Search and Rescue (US&R) program for equipment and training for the 25 US&R task forces in the National US&R Response System. While this funding will be used to support equipment and training required through FEMA's US&R program, lessons learned from the Hurricane Andrew, Hurricane Iniki, and Typhoon Brian experiences indicate that the US&R task forces have inherent capabilities that could be used-- with minimal retooling and training-- for a variety of missions. Technical Advisory Teams, dispatched by FEMA to Florida and Hawaii and comprised of renowned US&R specialists, recently produced a list of several areas in which the task forces could have contributed skilled labor. In addition to all levels of search and rescue, the groups can direct people to required services such as medical, food, water, shelter and deliver essential commodities; mark streets and buildings;

perform debris removal; set up support facilities such as temporary shelters, feeding, and sanitation stations; perform needs assessments and gather damage intelligence; help local officials coordinate their disaster response efforts; shut off utilities to houses and buildings; provide emergency medical and veterinarian care; assist homeowners in securing their property from the effects of looters and weather; conduct structural hazard/stability evaluations and stabilize structures through cribbing and shoring; conduct hazmat evaluations for the affected area; establish emergency communications; and manage and train local volunteers and first responders in US&R operations.

In 1994, FEMA will utilize US&R -specific funding to continue the development of the equipment caches and training for the 25 task forces. Task forces would be required to acquire FEMA- mandated equipment and training to support their expanded scope. However, additional funding is required to support: (1) mobilization drills in order practice the six -hour get- away time and the equipment packaging and aircraft loading procedures; (2) participation in DoD -related training such as hazardous materials handling courses for the logisticians; (3) participation in locally sponsored field drills; (4) joint exercises with military light search and rescue units and military command and control structures; (5) participation in full- field exercises organized by other Federal agencies, such as the National Disaster Medical System; (6) quality control checks of the task force equipment caches; and (7) FEMA developed training in logistics, structural engineering, canine search, rescue, and confined space/crush syndrome medicine for task force personnel new to the system. The continued development of task force capability is in line with FEMA's commitment to send the US&R task forces with other Federal personnel and commodities to a disaster site to stage them for use by the affected State and local jurisdictions.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

Question: What efforts are being made to expedite the disbursement of payment to the localities for their disaster assistance? What improvements are you contemplating for the future to avoid such a backlog of payments?

Answer: Based on engineering surveys (Damage Survey Reports) the Federal Emergency Management Agency (FEMA) determines the amount of eligible work and awards a grant to the State. Upon award of the grant, FEMA cost-shared funding is immediately available under a letter of credit type arrangement called SMART-LINK. In accordance with the Common Rule, 44 CFR Part 13, the State awards sub-grants to the affected local governments and administers the disaster program, including making disbursement to sub-grantees.

Small projects (those under \$41,300) are disbursed by the State immediately. Projects over \$41,300 are disbursed by the State as the work progresses. Since the State administers the program in accordance with State law and procedures, FEMA has no control over the timing of State disbursements to its sub-grantees.

FEMA funding is immediately available to States upon approval of the FEMA grant. FEMA considers the procedures under the Common Rule, 44 CFR Part 13, adequate. FEMA will continue to assist States in evaluating their funding process.

Question: Are you enhancing your plans to provide for more incidents like the World Trade Center explosion?

Answer: Our current plans provide for incidents like the World Trade Center explosion.

FEMA monitors a variety of natural and man-made disaster incidents that have the potential to result in a requirement for Federal assistance. If a terrorist incident occurs, the FEMA Regional Office would immediately establish contact with the State emergency management agency, which would have already established contact with the effected local jurisdiction, to determine the scope and impact of the incident. As with the World Trade Center incident, the Department of Justice, through the Federal Bureau of Investigation, has the primary role for providing Federal law enforcement assistance to local and State authorities. FEMA's role in such an event is to assess the situation to determine if there are any requirements for Federal assistance to augment State and local activities to save lives, and protect public health, safety and property.

FEMA assumes that a terrorist event will likely generate consequences that result in requirements similar to those of other types of large-scale or catastrophic natural or man-caused disasters. FEMA will utilize the structures of the interagency Federal Response Plan to address the immediate needs and longer-term recovery requirements caused by a terrorist event. If there is a requirement for search and rescue of trapped victims, emergency medical care or temporary sheltering, these can be provided by the appropriate Emergency Support Functions under the plan.

FEMA also has an ongoing responsibility for the coordination of preparedness and planning to reduce the consequences of major domestic terrorist incidents. This includes the offering of terrorist specific exercise opportunities to Federal, State, and local emergency assistance providers in an effort to familiarize them with their roles and responsibilities during such a scenario, as well as with their interaction with Federal Agencies under the Federal Response Plan.

SUBCOMMITTEE RECESS

Senator MIKULSKI. This concludes today's hearing. The subcommittee will stand in recess until Friday when we will review the fiscal year 1994 budgets for seven of the independent agencies that this committee oversees.

[Whereupon, at 11:17 a.m., Thursday, May 13, the subcommittee was recessed, to reconvene at 10 a.m., Friday, May 14.]

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT AND INDEPENDENT AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1994

FRIDAY, MAY 14, 1993

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:35 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Barbara A. Mikulski (chair) presiding.
Present: Senators Mikulski, Lautenberg, Kerrey, and Feinstein.

CONSUMER PRODUCT SAFETY COMMISSION

STATEMENT OF JACQUELINE JONES-SMITH, CHAIRMAN

ACCOMPANIED BY:

ERIC PETERSON

MARY GALL, VICE CHAIRMAN

CAROL DAWSON, COMMISSIONER

OPENING STATEMENT OF SENATOR MIKULSKI

Senator MIKULSKI. Good morning everybody. This subcommittee will come to order. Today we meet to review the budget requests of the Consumer Product Safety Commission, the Office of Consumer Affairs, the Consumer Information Center, and later on today we will be listening to the Neighborhood Reinvestment Corporation, the Court of Veterans Appeals, and the Office of Science and Technology Policy.

We want to acknowledge the presence of our esteemed colleague, Senator Feinstein. This has probably been the most colorful committee that the Senate has normally had. Usually it is so starchy and boring and so on, but not with us though. [Laughter.]

Today we are going to begin with some agencies that I think are just special, the CPSC, the Office of Consumer Affairs, and the Consumer Information Center. These are the agencies which provide an invaluable service to the American consumer. They ensure that the consumers are both protected and informed, protected against unsafe products or unscrupulous business practices, and they inform people about their rights and responsibilities.

The Consumer Product Safety Commission recently celebrated its 20th anniversary and we commend CPSC for its valuable contributions in protecting consumers for two decades.

Each of the agencies that we are going to hear today have modest budget requests with little change from the current year. We are going to welcome first Ms. Jacqueline Jones-Smith, Chair of the CPSC, Vice Chairman Mary Gall, and Commissioner Carol Dawson, who I know are here; Ms. Patricia Faley, the Acting Director of the Office of Consumer Affairs, and, of course, our old friend Teresa Nasif, the Director of the Consumer Information Center.

Ms. Jones-Smith, I am going to ask you to lead off. I am going to acknowledge that the Commissioners ordinarily sit with you, but we are trying to hear as many agencies as we can today. As you know because of the transition in Government we were late with the budget and late getting started, but we want to meet our October 1 deadline so that there is no continuing resolution. That is why we want to complete our hearings in a timely way and be able to move our appropriations bill.

So we want to note your Commissioners, and if, during the course of questioning, you want to involve them in the questions and answers, we would be very happy to do that. We thank you for your cooperation. Ordinarily you have your own individual panel, but we want to acknowledge that and show that as no disrespect but a way to kind of move it so you have the tools that you need on time. That is what we are all about. Why don't you go ahead and start.

Ms. JONES-SMITH. Madam Chair, the U.S. Consumer Product Safety Commission is pleased to appear before the subcommittee to review the President's 1994 budget for the agency.

The Commission is very appreciative of the subcommittee's support during the past year. Madam Chair, the Commission is especially grateful for your personal efforts in securing funding for the agency's headquarters relocation. The new facility will be a quantum improvement over our current asbestos-ridden apartment building and we look forward to inviting you and the members of the subcommittee to participate in the dedication of the new space shortly after we move in. I will address the status of our relocation later in my remarks.

In the interest of time I will summarize my longer, detailed statement which has been submitted for the record.

Senator MIKULSKI. Sure. Without objection it is so ordered.

STATEMENT SUMMARY

Ms. JONES-SMITH. The President's 1994 budget for CPSC calls for 502 FTE's and \$42,286,000 to operate the Commission.

As you know, in an effort to reduce the deficit, a number of governmentwide reductions were requested. The Commission's share of the administration's FTE reductions is 13, reducing FTE's from 515 funded in 1993 to 502 in 1994. The Commission's share of the administration's 3-percent reduction in nonsalary costs equals \$297,000.

In addition to these government-wide reductions, however, the Commission is incurring another cut. The Commission must absorb a scheduled space rent increase in 1994 of \$540,000. Because the Office of Management and Budget used the 1993 budget as a base, the 1994 rent adjustment for the new headquarters space was overlooked. The agency is hopeful Congress will address this oversight.

In light of these decisions by the administration, the Commission revised its 1994 programs to preserve the continued implementation of our long-range plan objectives and maintain the present scope of activity.

In 1994, the Commission proposes to increase the Hazard Identification and Analysis Program, the foundation upon which many of the Commission's activities are initiated and the first step in risk-based decisionmaking. An increase of one FTE and increased contracts will provide greater ability to collect and analyze hazard data. Improvements in the identification and analysis of hazards will make the hazard reduction, enforcement, and consumer information work that follows more focused, efficient, and effective.

Reductions are proposed in the Hazard Assessment and Reduction Program but the program continues to apply a balanced set of injury and death reduction strategies, including voluntary and mandatory standards, building code changes, and development of technical information for consumers and industry. The resources in this program fully fund the wide range of 1994 activities proposed, including a new priority project; home electrical systems fires. On balance, the \$8.7 million HAR Program retains the same scope of activity as in 1993 in addressing approximately 6,000 deaths and 1.2 million injuries with a societal cost of \$26 billion each year.

The minor reductions, less than 2 percent, proposed for the Compliance and Enforcement Program reflects the Commission's commitment to a strong enforcement effort. The reductions have been carefully chosen to permit continuation of the 1993 enforcement level of effort.

The one FTE increase proposed for the Consumer Information Program is consistent with the long-range plan to strengthen its hazard reduction tools.

Finally, the five FTE reduction in the Agency Management Program reflects a share of the overall agency FTE reduction and the dissolution of the agency's relocation team. With this decision, the Commission has reduced the program's FTE level to 19 percent of the total agency FTE's, down from 26 percent in 1988.

LONG-TERM PLANNING AND RELOCATION

Madam Chair, at this point I would like to use the balance of my time to focus on the status of our long-range planning efforts and the status of our relocation, two issues I know of specific interest to the subcommittee.

Madam Chair, as you know, the Commission undertook a long-range planning effort with the support of this subcommittee. The plan was transmitted to Congress on December 29, 1992, and has two major goals. First, increased risk-based decisionmaking in the selection and analysis of hazards, and second, consideration and use of all appropriate remedial tools to address those hazards. To implement the plan the Commission has identified more than four dozen tasks and subtasks which must be pursued. A draft copy of our goals and milestones has recently been provided to the subcommittee.

Development and implementation of the plan has proceeded with the full participation of all Commissioners and broad-based reliance on agency staff. Because of the size of CPSC and its budget,

we have not sought, nor can we afford, expensive outside consultants to do the job. We have essentially done it ourselves, most importantly, without neglecting the primary mission of the agency.

The Commission now has a guide to meet the challenges before it. The long-range plan provides basic, sound underlying principles for the agency's operation in the 1990's and beyond. We have invested a large amount of time and effort in this part of the process because our purpose is to develop more than just a change in organizational structure. We wanted more than just a set of performance criteria and outputs. The Commission and its staff wanted to be sure, first, that the organization was correctly defined. We wanted to be sure that the inputs are sound. Risk-based decisionmaking defines the organization and assures that the inputs are sensible, so as to better measure our performance outputs.

Because risk-based decisionmaking is the cornerstone of the long-range plan, during the last 3 months the Commission has moved toward creating the operational framework to carry out this first goal.

Risk-based decisionmaking means that the Commission will prioritize hazard reduction activities by the degree of risk presented to the public, the susceptibility of the hazard to remedial action, and the cost of achieving that action.

AGENCY ORGANIZATIONAL AND CULTURAL CHANGE

Frankly, implementing this approach will require a change in both the organization and culture of the CPSC. Change in organizational structure can be relatively quick. Real change, however, can be slow. Real culture change can be tedious, but the end product of real culture change will be far more beneficial, economical, and service oriented to the taxpayer than merely hastily shifting around boxes on an organizational chart in order to provide the appearance of change and temporarily quiet agency critics.

To bring this change about the Commission has been working with the staff, soliciting their ideas, and involving them fully in the process. The Commission is developing guidance to explain how risk-based decisionmaking should be used in CPSC's day-to-day operations. This guidance will specify the kind of information the Commission needs to decide whether it will begin an activity or to decide what remedy is appropriate to address a given hazard. We believe that this is fundamental to implementing risk-based decisionmaking.

In addition, the Commission has begun to focus on several specific areas in which we can improve the efficiency and effectiveness of the agency.

Senator MIKULSKI. I am going to have to ask you to move along.

Ms. JONES-SMITH. Yes; of its operations almost immediately. For example, the Commission and agency staff have just developed procedures for the efficient handling of petitions. A recently revised petitions policy is expected to cut by 50 percent the time between staff processing of petitions and Commission review. Under these procedures petitions should reach the Commission within 240 days and that is down by about 550 days, which the Commission has noticed that it takes to docket petitions for the last 5 years.

The Commission is making progress in implementing the long-range plan. Many issues remain, particularly the issue of organizational structure. As stated earlier, the current emphasis is on establishing the operational framework and——

Senator MIKULSKI. Ms. Jones-Smith, I am going to come back to the organizational structure in my questioning. Why don't you go into the relocation part of it.

CPSC RELOCATION EFFORTS

Ms. JONES-SMITH. Certainly, Madam Chair. I am very pleased to report that through the hard work of CPSC's relocation team and the excellent support and guidance of the General Services Administration our relocation is on track and on target. Buildout of the new facilities has begun, furniture and equipment orders are being processed, and various negotiations associated with the project continue. Through specific newsletters and numerous face-to-face meetings the Commission and relocation team have strived to keep the entire agency staff as fully involved and informed as possible. Our present goal is to have the bulk of the agency moved in mid-August.

Before closing I do want to address one specific relocation issue up front. I understand that the subcommittee may have some questions regarding the scope of the employee health and fitness services under consideration for our new location. The agency recently provided the subcommittee with information comparing our thoughts in this area with existing facilities operated by other agencies under the subcommittee's jurisdiction. After review of the information we hope that the subcommittee will agree that CPSC's proposals are, comparatively, very responsible and very modest.

This concludes my statement, Madam Chair. I will be pleased to answer any questions.

[The statement follows:]

STATEMENT OF JACQUELINE JONES-SMITH

INTRODUCTION

Madam Chair, the Commissioners of the U.S. Consumer Product Safety Commission are pleased to appear before the Subcommittee today to review the President's 1994 budget for the agency.

Seated at the table with me this morning to my left are the Commission's Vice Chairman Mary Gall and Commissioner Carol Dawson, and to my right is the Commission's Executive Director Eric Peterson. Also in the room with me are several of the agency's senior managers.

The Commission is very appreciative of the Subcommittee's support during the past year. Madam Chair, the Commission is especially grateful for your personal efforts in securing funding for the agency's headquarters relocation. The new facility will be a quantum improvement over our current asbestos ridden apartment building and we look forward to inviting you and the members of the Subcommittee to participate in the dedication of the new space shortly after we move in.

The President's 1994 budget calls for 502 FTEs and \$42,286,000 to operate the Commission. This is a reduction of 13 FTEs and a dollar increase of \$186,000 from the 1993 appropriation (excluding the deletion of the one-time \$6.3 million relocation funding). Before specifically discussing the 1994 request, it is important that I spend a few minutes and review the state of the Commission.

AGENCY STATUS

The Commission is a unique agency. It identifies product hazards through its one-of-kind data collection system, determines the underlying cause and, most importantly, takes corrective action to reduce the risk of injury.

This year marks the 20th anniversary of the agency. In the past 20 years deaths and injuries from consumer products have decreased, 13 percent in the last decade alone. Past CPSC efforts in just four areas—electrocutions, children's poisonings, power mowers, and fire safety—continue to save the public about \$2.5 billion each year, a manyfold return for every Federal dollar spent. While these decreases were achieved with the help of many consumer and industry partners, this agency is proud of its major role in injury and death reductions.

Nevertheless, the nation is still challenged by far too many deaths and injuries each year. Constantly changing technology and the dynamics of America's economy stimulate the introduction of new products and, consequently, new product safety challenges.

The prevention of injury has real life implications. Each injury reduced is the elimination of pain for a person and his or her family. Each death reduced is a family that remains whole.

Rising health care costs further challenge the agency. CPSC has a major role to play in the reform of America's health care through the prevention of consumer product related deaths and injuries.

The Commission recognizes it also must be responsible to the American taxpayer and continue to produce value. The agency must constantly reassess itself and the product safety field and reinvent itself to meet the demands of the future.

LOOK TO THE FUTURE

In the years ahead, the agency will be serving an older and more diverse population. The findings that Congress made in 1972 concerning risks of injury associated with consumer products are valid in the 1990's. Consumers are exposed to unreasonable risks of injury as new products are developed, and as existing products are adapted to new uses (such as industrial-use buckets involved in infant drownings in the home). The increasing globalization of consumer product markets and the lack of international product safety standards also place U.S. consumers at risk.

But most importantly, unlike its early years, the agency will not be confronted with a group of well-defined, widespread hazards documented by substantial injury data. Rather, as CPSC's experience with infant suffocations demonstrates, the agency more often will encounter hazards that, at the early stages, are characterized by hard to identify injury data.

LONG-RANGE PLANNING

In response to these demands, the Commission undertook a long-range planning project with the support of this Subcommittee. This effort involved all levels and areas of the agency. Ideas were contributed by consumer groups, industry, other Federal agencies, and the Commission's staff. The Commission now has a guide to meet the challenges before it.

The plan was transmitted to Congress on December 29, 1992 and has two major goals: increased risk-based decision making in the selection and analysis of hazards, and consideration and use of all appropriate remedial tools to address those hazards. Because risk-based decision making is the cornerstone of the Long Range Plan, during the last three months the Commission has moved towards creating the operational framework to carry out this first goal.

Risk-based decision making means that the Commission will prioritize hazard reduction activities by the degree of risk presented to the public, the susceptibility of the hazard to remedial action, and the cost of achieving that action.

Frankly, implementing this approach will require a change in the culture of the CPSC. To bring this change about, the Commission has been working with the staff, soliciting their ideas and involving them fully in the process. The Commission is developing guidance to explain how risk-based decision making should be used in CPSC's day-to-day operations. This guidance will specify the kind of information the Commission needs to decide whether it will begin an activity or to decide what remedy is appropriate to address a given hazard. We believe that this is fundamental to implementing risk-based decision making.

In addition, the Commission has begun to focus on several specific areas in which it can improve the efficiency and effectiveness of its operations almost immediately. For example, one of these discrete areas regards petitions.

The Commission and agency staff have worked hand-in-hand to develop internal procedures for the efficient handling of petitions. A soon to be released revised petitions policy is expected to cut by almost 50 percent the time between staff processing of petitions and Commission review. Under the new procedures, petitions should routinely reach the Commission within 240 days for decision. The average processing time for petitions docketed during the last five years is over 550 days. The new procedures also provide guidance to the staff on the information it should provide to the Commission concerning the petition and enables the Commission to determine the priority of the petition in relation to the agency's current workload.

The hazard screening area is another example of our progress flowing from our long-range plan.

In fiscal year 1993 the Commission established two activities to identify and quantify product hazards at the earliest stage possible. The first, hazard screening, is a thorough, risk-based examination of broad classes of products at regular, cyclic intervals to identify those product hazards within each class which may warrant further investigation or be a candidate for hazard reduction. The second initiative, project analysis, is a detailed followup to analyze products identified by the hazard screening activity. This includes the collection of additional injury, economic, human factors, engineering, and/or medical data necessary to determine if hazard reduction strategies are needed, appropriate, and likely to be effective. The staff has completed the hazard overview report of children's products and is working on the hazard overview of household appliances, including heating, cooling and air conditioning products. The staff is also reviewing (1) hazards to children from products not necessarily intended for children, (2) falls, and (3) non-drug poisonings.

The Commission is making progress in implementing its Long-Range Plan. Many issues remain to be addressed, particularly the issue of a possible new organizational structure. As stated earlier, our current emphasis is on establishing the operational framework for risk-based decision making which we believe must be the foundation for realizing the goals of the plan. This approach will strengthen the agency's ability to continue reducing unreasonable risks of injury to the public. These efforts will form the basis for the Commission to evaluate and decide on the appropriate organizational structure of the agency in the fall of this year.

AGENCY RESPONSE

In order to improve its risk-based decision making, the agency must have a first-rate data collection system for gathering and maintaining injury and product related information, and an efficient and accurate analytical process for identifying candidates for remedial action.

Establishment of an integrated, centralized system containing data relevant to each hazard is the key to the agency's future success. In the 1993 operating plan and in the proposed 1994 budget, the Commission takes the first steps towards accomplishing this objective by beginning to upgrade the agency's sparse, antiquated computerized information network and its laboratories, and by enhancing its Hazard Identification and Analysis program. If these efforts are funded as proposed, taxpayers will soon get an even bigger product safety return from each dollar invested.

To support risk-based decision making, the agency must promote comprehensive, integrated, and timely collection and analysis of hazard information by individuals with expertise in a number of disciplines. The Commission is examining personnel issues such as morale, training, grades and promotions, performance appraisals and career enhancement to achieve a fully trained and highly qualified staff.

In this regard, the pending relocation of the agency's headquarters staff from its present substandard space into a modern, efficient office environment is a great step forward for the agency. I, again, thank the Chair and this subcommittee for its support in securing the funding necessary to make this move possible.

I am pleased to report that through the hard work of CPSC's Relocation Team and the excellent support and guidance of the General Services Administration (GSA), CPSC's relocation is on track and on target. Build-out of the new facilities has begun, furniture and equipment orders are being processed, and various lease negotiations associated with a project of this size continue. Through special newsletters and numerous face-to-face meetings, the Commission and the Relocation Team have strived to keep the entire agency staff as fully involved and informed as possible. Our present goal is to have the bulk of the agency move in mid-August.

Best efforts and best intentions notwithstanding, is our relocation a flawless real estate transaction? No, it is not. From a change in personal residences that most of us experience to relocation of an operation of the size of CPSC, I am not aware

of any transactions of this type that come off successfully without some bumps, dips and surprises.

Will the agency and its new quarters be an absolute best fit? No, not absolutely. Is the agency staff 100 percent satisfied with the move? No, not 100 percent. Do we have critics and skeptics among the staff? Yes, Madam Chair, without a doubt. Most employees can understand and accept that the agency must relocate because GSA will not renew our current lease when it expires in January 1996. Unfortunately, a few never will. Most people can understand and accept the value and inevitability of positive change. A few never will. But, I want to assure the Subcommittee that the vast majority of employees are eagerly looking forward to this opportunity to grow professionally in a professional work environment.

1994 FUNDING REQUEST

Under a 1994 effort to reduce the deficit, a number of government-wide reductions were requested of Federal agencies. The Commission's share of the administration's FTE reductions is 13 which reduce FTEs from the 515 FTEs funded in 1993 to 502 in 1994. The Commission is slated to be reduced another eight FTEs in 1995 to bring the total Commission workforce down to 494 FTEs. The Commission's share of the administration's three percent reduction in non-salary costs equals \$297,000. Similar reductions in non-salary costs are also slated for 1995 and beyond.

In addition to these government-wide reductions, however, the Commission is incurring another cut. The Commission must absorb a scheduled space rent increase in 1994 of \$540,000. Because the Office of Management and Budget (OMB) used the 1993 budget as a base, this one-time 1994 rent adjustment for the new headquarters space was overlooked. The agency is hopeful Congress will address this oversight.

PROGRAM LEVELS

In light of these decisions by the Administration, the Commission revised its 1994 programs to preserve the continued implementation of the long-range plan objectives and maintain its present scope of activity.

In 1994, the Commission proposes to increase the Hazard Identification and Analysis program, the foundation upon which many of the Commission's activities are initiated and the first step in risk-based decision making. An increase of one FTE and increased contracts will provide greater ability to collect and analyze hazard data. Improvements in the identification and analysis of hazards will make the hazard reduction, enforcement, and consumer information work that follows more focused, efficient, and effective.

Reductions are proposed in the Hazard Assessment and Reduction (HAR) program but the program continues to apply a balanced set of injury and death reduction strategies, including voluntary and mandatory standards, building code changes, and development of technical information for consumers and industry. The resources in this program fully fund the wide range of 1994 activities proposed, including a new priority project, Home Electrical Systems Fires. The 1994 program also funds continuation of the two 1993 priority projects, Smoke Detectors and Carbon Monoxide and Gas Fuel Detection. On balance, the \$8.7 million HAR program retains the same scope of activity as in 1993 in addressing approximately 6,000 deaths and 1.2 million injuries with a societal cost of \$26 billion each year.

The minor reductions (less than two percent) proposed for the Compliance and Enforcement program reflects the Commission's commitment to a strong enforcement effort. The reductions have been carefully chosen to permit continuation of the 1993 enforcement level of effort.

The one FTE increase proposed for the Consumer Information program is consistent with the long-range plan to strengthen its hazard reduction tools. The increase reflects the agency's desire to improve the ability to reach a more varied consumer population more effectively. Consumer information is sometimes the only tool available to reduce hazards but in all cases it is an important complement to hazard reduction and enforcement.

For example, in 1994 the CPSC's "New Parents" project will disseminate product safety information through existing national health and safety networks to reach new parents of vulnerable, low-income children. CPSC safety messages will be produced in illustrated, easy-to-read format and will be distributed through child and maternal health networks, clinics, hospitals, and other networks to reach new parents.

Finally, the five FTE reduction in the Agency Management program reflects a share of the overall agency FTE reduction and the dissolution of the agency's relocation team. With this decision, the Commission has reduced this program's FTE level to 19 percent of total agency FTEs, down from 26 percent in 1988.

CONCLUSION

In conclusion, with its long-range plan, the Commission is well on the way to reinventing itself, serving as a model of government effectiveness and efficiency. The Commission's work promoting product safety puts people first and represents an investment in people that the President rightfully applies as a standard for Federal expenditures. Through its intervention and prevention strategies, the Commission is playing a major role in health care cost containment.

The Commission would be pleased to answer your questions.

Senator MIKULSKI. Thank you, Ms. Jones-Smith. I know that you have a very content-rich testimony because of the hazards and so on that the Consumer Product Safety Commission engages in. We just want to be able to move along.



DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF CONSUMER AFFAIRS

STATEMENT OF PATRICIA FALEY, ACTING DIRECTOR

Senator MIKULSKI. I am going to turn now to Ms. Faley, who is the Acting Director of the Office of Consumer Affairs.

Ms. Faley.

Ms. FALEY. Thank you, Madam Chair. With your permission I will provide my complete statement for the record and give you just a few highlights at this time.

I am pleased to appear before the subcommittee today to discuss the fiscal year 1994 budget for our Office in which we request \$2,159,000 and 21 full-time equivalent staff positions. In complying with President Clinton's initiative to reduce the Federal work force by 100,000, our fiscal year 1994 budget includes a reduction of one staff person, in addition to minor cuts in travel, printing, and other services.

We are eagerly awaiting President Clinton's appointment of our Office Director. In the meantime we will continue our work in empowering consumers.

Let me highlight just a few accomplishments over the last year, as well as upcoming events in 1993.

Senator MIKULSKI. Would you pull the microphone closer to you?

Ms. FALEY. The 11th National Consumers Week, which we sponsored, was held in October 1992 and emphasized the need for more and better consumer information in combating consumer fraud. Events were held throughout the country and a special focus of this National Consumers Week was multicultural consumer education. The next National Consumers Week has been scheduled for October 24 through 30, 1993.

Also during 1992 we reprinted the sixth edition of the Consumer's Resource Handbook, a publication made possible in part because of the gift authority granted by this subcommittee. We will be revising the handbook this year with monetary assistance from both Federal agencies and private sector groups.

We participated in a number of other consumer education efforts by sponsoring and coordinating conferences, workshops, and dialogs, particularly with minority, elderly, and disabled groups. We convened, in cooperation with the Consumer Federation of America, a series of meetings with leaders of national minority organizations about improving the delivery of consumer information and education to minority consumers. As a result of their recommendations, we and CFA held two pilot multicultural dialogs in 1992 in San Francisco and Houston. They addressed subjects identified by the community-based organizations participating, primarily home mortgage and credit availability, telecommunications issues, voca-

tional education fraud, housing, and home repair. We are exploring sites for two more such dialogs in 1993.

In our continuing work with the private and public sectors we worked to preserve personal privacy, a key consumer protection issue in an increasingly technology-driven marketplace. We cosponsored conferences concerning electronic superhighways and privacy of health records. Also, we cosponsored the Second International Quality Summit in which we examined how corporations are using quality strategies to manage a changing marketplace.

Our Office also worked on legislative issues and made recommendations to the White House last year on bills addressing credit reporting, telemarketing fraud, cable television, and food labeling and other marketplace issues.

Events planned for 1993 include the 7th Constituent Resource Exposition on June 14, which Congressman Stokes was kind enough to sponsor for us. Held during the first session of each Congress, Expo is designed to expose members of Congress and their staffs to the resources of various Federal agencies which can assist them in responding to constituent inquiries and complaints. We provide congressional staff with copies of the Congressional Liaison Handbook which, we have been told, has proved most useful to staff as a reference.

Another effort to improve Government responsiveness is our hotline working group which brings the managers of Federal consumer hotlines together on a regular basis to exchange information to improve their operations.

Madam Chair and members of the subcommittee, I believe that the U.S. Office of Consumer Affairs continues to be a high-yield bargain for the Federal Government, and we are committed to keeping it that way. Thank you for your consideration of our fiscal year 1994 budget request.

[The statement follows:]

STATEMENT OF PATRICIA FALEY

Madam Chair and members of the Subcommittee, my name is Patricia Faley, and I am the Acting Director of the United States Office of Consumer Affairs. It is my pleasure to appear before this Subcommittee as it considers the fiscal year 1994 budget for the United States Office of Consumer Affairs.

The 1994 Budget we have submitted, \$2,159,000 and 21 Full-Time Equivalent staff positions, reflects President Clinton's guidance to Federal agencies. In order to help achieve an overall Executive Branch staff reduction of 100,000, our fiscal year 1994 budget includes a reduction of one staff position. Further, we have included cuts in travel, printing and other services by \$22,000. The only increases are as a result of salary cost of living adjustments and promotions prior to the beginning of fiscal year 1994.

We are eagerly awaiting President Clinton's appointment of the USOCA Director. Until the appointment of a new Director, we will continue our work in empowering consumers, with emphasis on financial services, product safety, privacy, health care, quality and customer service, and multicultural consumer education.

I would like to briefly highlight a few accomplishments over the last year and note our upcoming events for the remainder of 1993.

USOCA's eleventh annual National Consumers Week, held in October 1992, had as its theme, "Operation Wise Buy," and emphasized the need for consumer education among all consumer constituencies and focused special attention on combating fraud in the marketplace. To facilitate multicultural consumer education, we printed our NCW posters and brochures in English, Spanish and Chinese. There were events throughout the country, including events in California, Minnesota, Texas, Florida and Washington, D.C. Our "Operation Wise Buy" video and audio news releases, aired during NCW, reached over 2.3 million Americans.

During fiscal year 1993, we reprinted the sixth edition of the Consumer's Resource Handbook. This reprint was made possible in part because of the gift authority granted by this committee. The Handbook is also available on computer disk so it can be distributed more easily to groups that wish to make it available to special constituencies, including visually impaired consumers.

The Handbook is only one example of our outreach efforts. In fiscal year 1993, we sponsored a number of conferences, workshops and dialogues to discuss consumer education issues among minority, elderly, and disabled groups. We convened, in cooperation with the Consumer Federation of America (CFA), a series of meetings with leaders of national minority organizations about improving the delivery of consumer information and education to minority consumers. As a result of their recommendations, we and CFA held two pilot multicultural dialogues in 1992, in San Francisco and Houston. They addressed subjects identified by the community-based organizations participating, primarily home mortgage and credit availability, telecommunications issues, vocational education fraud, housing and home repair. We are exploring sites for two more such dialogues in 1993.

Another example of our work in this area was our teaming with Sprint and Consumer Action to develop a program to educate new Americans on the U.S. telephone system. The resulting consumer information is available in English, Spanish, Chinese, and Korean.

We continue to work with the private and public sectors on major issues facing consumers. A key has been how to protect personal privacy in an increasingly technology-driven marketplace. In cooperation with the National Consumers League, we co-sponsored a conference on electronic superhighways. The conference discussed the beneficial uses and implications of smart card technology. In cooperation with FCC we convened a training session on the potential benefits of electronic superhighways in delivering Federal services. We worked with TRW and Equifax, two of the nation's largest credit bureaus, to help improve the accuracy of the credit reporting process. We also advised and assisted the Department of Health and Human Services on their conference on privacy issues relating to individual health records.

With the Department of Commerce and AT&T Universal Card Services, USOCA cosponsored the Second International Quality Summit: "Quality in a Changing World Order." This forum explored strategies for maintaining and improving quality in an altered world with a changing workforce. The preeminence of quality to customer satisfaction and competitiveness was the focus of the first "Summit" two years ago at which some 130 business leaders charted strategies for meeting customer expectations in the 1990's and reaping the benefits of the expanding marketplace.

Because the globe and the marketplace have changed so greatly, this second "Summit" was held to examine how corporations are using quality strategies to manage a changing marketplace, a diversified workforce, and complex corporate partnerships and joint ventures. CEO's of major corporations and senior Federal officials, including the administrator of the Malcolm Baldrige Quality Awards program, talked about what works and what doesn't, and an audience of 180 government and business leaders and consumer affairs experts shared their experiences and ideas concerning quality in the new environment.

In fiscal year 1993, we made recommendations to the White House on consumer-related legislation, including bills that address consumer concerns about credit reporting, telemarketing fraud, cable television, food labeling and other marketplace issues.

For the coming year, we have a number of key events planned. With Chairman Stokes as our Congressional sponsor, we will hold our seventh Constituent Resource Exposition on June 14 in the Cannon Caucus Room. Expo, which we put on for each new Congress, is designed to assist members of Congress and their staffs in responding swiftly and efficiently to the many thousands of constituent complaints and inquiries they receive annually. In addition to bringing together representatives of the consumer-related Federal agencies, we will provide Congressional staff with copies of the 1993 Congressional Liaison Handbook. Congressional staff have consistently commented on the usefulness of this handbook, which lists contacts and resources to use in resolving constituent problems. In 1991, over 1,000 Congressional staff attended our sixth Expo and we expect a good turnout this year.

We are in the biennial process of updating the Consumer's Resource Handbook for the seventh edition. We expect to call upon other Federal agencies and private sector groups to help defray the cost of the Handbook.

We have scheduled National Consumers Week for October 24-30, 1993. NCW '93, our twelfth, will provide a national focus on the concerns of our nation's consumers for local and state consumer groups, media, industry, educators and government.

We are planning a number of special consumer education and information programs emphasizing minority consumer needs. For example, we are planning to conduct a public service announcement campaign and two multicultural dialogues to help increase consumer literacy among minority consumers.

Finally, USOCA will be one of the sponsors of an international forum later this month entitled "Leadership in Consumer Literacy: Reaching the New Global Market." The thrust of this program will be to expand information and education efforts to all consumers.

In closing, Madam Chair and members of the Subcommittee, I think that the U.S. Office of Consumer Affairs continues to be a high-yield bargain for the Federal government. We are committed to keeping it that way. Thank you for your consideration of our fiscal year 1994 budget request. I would be happy to answer any questions you may have at this time.

Senator MIKULSKI. Thank you, Ms. Faley.

Ms. Nasif, before I turn to you I want to acknowledge the fact that our colleague, Senator Lautenberg is here, who also chairs a subcommittee.

Senator, I think you want to make a quick statement before we move on?

Senator LAUTENBERG. Thank you very much, Madam Chair. I am unfortunately called to another committee hearing, so what I would like to do is to review the witnesses' testimony, and perhaps submit some questions for the record. I would encourage you to continue to do what you are doing with this very important group of people here and their functions within their various departments.

I thank you very much.

Senator MIKULSKI. Senator, your advocacy in many areas, but particularly in Superfund work, has been one of the greatest consumer protection efforts undertaken.

Senator LAUTENBERG. Thank you very much.

Senator MIKULSKI. Without objection the Senator's request is granted.

GENERAL SERVICES ADMINISTRATION

CONSUMER INFORMATION CENTER

STATEMENT OF TERESA NASIF, DIRECTOR

ACCOMPANIED BY WILLIAM B. EARLY, JR., ACTING CHIEF FINANCIAL OFFICER, GENERAL SERVICES ADMINISTRATION

Senator MIKULSKI. Now, Ms. Nasif, may I turn to you.

Ms. NASIF. With your permission I will read an abbreviated statement.

Madam Chair and members of the subcommittee, it is a pleasure for me to be here today to discuss the fiscal year 1994 budget request of the Consumer Information Center.

Fiscal year 1992 was another successful year for CIC in its mission to provide an important information and education service to the American public. Consumers ordered more than 11.6 million Federal publications from our Pueblo, CO, distribution facility. This 16-percent increase over the previous year's level of 10 million demonstrates that citizens continue to identify CIC as a primary source for Government information.

The information covers a wide range of subjects including health and nutrition, the environment, education, and money management, among others. CIC works with more than 100 Federal programs, as well as with the private sector, to assist in the development, promotion, and distribution of information that can make a difference in the lives of Americans. I would like to mention just two recent examples of our work.

EXAMPLES OF HOW CIC HELPS CONSUMERS

For many years, thousands of consumers have fallen prey to misleading ads by less than reputable firms offering information about Federal Government sales of goods and real estate. Consumers spent as much as \$100 for information that was often incomplete and inaccurate. To help stop these ads and provide correct information about Government sales, CIC worked with 18 Federal sales programs to develop the General Services Administration's "Guide to Federal Government Sales." CIC wrote the booklet and coordinated financial support for the printing and distribution of 275,000 copies. We then aggressively promoted the publication through a press conference, releases to the print and broadcast media, and personal media visits. The information has received wide pickup ranging from features on CNN to numerous articles in newspapers and magazines. For example, we placed a mention of the guide in Parade magazine and nearly 100,000 consumers wrote for it.

Another project of which we are proud is our outreach effort with the Food and Drug Administration, the National Cancer Institute, and the Medical Cost Containment Co. [Medco] to deliver health in-

formation to older consumers. Medco is the largest prescription drug mail service firm in the country and 75 percent of its customers are over the age of 65. CIC designed and developed a mailback card offering health publications from Pueblo provided by the Food and Drug Administration and the National Cancer Institute. Medco then distributed the cards through prescription drug mailings this past September and October to 1 million of its customers. The response set a record for CIC direct mail marketing projects with 20 percent of the recipients placing orders for more than 650,000 publications from Pueblo.

The success that we had working with Medco exemplifies the type of private-public partnerships that CIC has built over the years. We regularly meet with industry groups to encourage participation in our cooperative publishing program which matches them with Federal agencies having a mutual interest in providing unbiased consumer information. With the private sector bearing a significant share of the total costs, CIC to date has coordinated the development and promotion of 77 cooperative publications. Since the program's inception approximately 10 years ago, consumers have ordered 8.9 million copies of these publications.

In addition to reducing expenses through partnerships with the private sector, CIC also recovers costs through user fees as part of the effort to reduce the Government's share of the cost of program operations. In comparison to the previous year's level of approximately \$327,000, I am pleased to report that we achieved a 26-percent increase in user fees in fiscal year 1992 for a total of more than \$413,000. These fees, collected on orders for free publications from our catalog, help to offset our administrative expenses. We project that user fees will cover more than 14 percent of administrative expenses in both fiscal year 1993 and 1994.

BUDGET REQUEST

In conclusion, Madam Chair, CIC is asking for \$2,074,000, an increase of \$48,000 in its appropriation for fiscal year 1994. We hope you will agree that the CIC program is a unique Federal program providing helpful service at comparatively little cost to both the public and the Government. In today's economic climate with its absolute imperative to reinvent Government, we further hope that our justification and our testimony today will enable the subcommittee to consider our appropriation request favorably.

Thank you.

[The statement follows:]

STATEMENT OF TERESA NASIF

Madam Chair and Members of the Subcommittee, it is a pleasure for me to be here today to discuss the fiscal year 1994 budget request of the Consumer Information Center (CIC).

Fiscal year 1992 was another successful year for CIC in its mission to provide an important information and education service to the American public. Consumers ordered more than 11.6 million Federal publications from the Pueblo, Colorado distribution facility. This 16 percent increase over the previous year's level of 10 million demonstrates that citizens continue to identify CIC as a primary source for Government information to help them improve their lives.

The information covers a wide range of subjects including health and nutrition, the environment, education, and money management, among others. CIC works with more than 100 Federal programs as well as the private sector to assist in the

development, promotion, and distribution of information that can make a difference in the lives of millions of Americans. I would like to mention two recent examples:

1. For many years, thousands of consumers have fallen prey to misleading ads by less than reputable firms offering information about Federal Government sales of goods and real estate. Consumers spent as much as \$100 for information that was often incomplete and inaccurate. To help stop these ads and provide correct information about Government sales, CIC worked with 18 Federal sales programs to develop the U.S. General Services Administration Guide to Federal Government Sales. CIC wrote the booklet and coordinated financial support for the printing and distribution of 275,000 copies. CIC has aggressively promoted the publication through a press conference, releases to the print and broadcast media, and personal media visits. The information has received wide media pickup ranging from features on CNN to numerous articles in newspapers and magazines. For example, CIC placed a mention of the Guide to Federal Government Sales in *Parade* magazine and nearly 100,000 consumers wrote for it.

2. As the American population ages, it is increasingly important for them to have access to up-to-date health information. CIC designed a special outreach effort with the Medical Cost Containment Company (Medco), the Food and Drug Administration (FDA), and the National Cancer Institute (NCI) to deliver health information to older consumers. Medco is the largest prescription drug mail service firm in the country and 75 percent of its customers are over the age of 65. CIC designed and developed a mailback card offering health publications from Pueblo provided by the FDA and NCI. Medco then distributed the cards through prescription drug mailings in September and October 1992 to one million of its customers. The response set a record for CIC direct mail marketing projects with 20 percent of the recipients placing orders for more than 650,000 publications from Pueblo.

The success that we had working with Medco exemplifies the type of private-public partnerships that CIC has built over the years. CIC meets regularly with industry groups to encourage participation in CIC's cooperative publishing program. This program matches private sector entities with Federal agencies having a mutual interest in providing unbiased consumer information. With the private sector bearing a significant share of the printing and distribution costs, CIC has coordinated the development and promotion of 77 cooperative publications. Since the program's inception approximately 10 years ago, consumers have ordered 8.9 million copies of these publications developed jointly by the private sector and the Federal Government.

CIC is also proud of the partnership it has forged with the media. The media plays an essential role in the cost-effective delivery of Federal consumer information. CIC regularly sends out releases to 8,000 print and broadcast media professionals highlighting helpful facts from the Federal consumer publications listed in the Consumer Information Catalog. The media then makes this information available to consumers as a public service at no expense to the Government. Through this cost-effective channel, CIC is able to reach millions of citizens. CIC's annual television public service advertising spots have also brought the Catalog to a generation of Americans. Research indicates that television stations donate air time to these PSA's worth an estimated \$6 million annually.

In addition to reducing expenses through partnerships with the private sector and the media, CIC also recovers costs as part of our efforts to reduce the Government's share of the cost of program operations. In comparison to the previous year's level of approximately \$327,000, I am pleased to report that CIC achieved a 26 percent increase in user fees in fiscal year 1992 for a total of more than \$413,000. These fees, collected on orders for free publications from our Catalog, help to offset CIC administrative expenses. We project that they will cover more than 14 percent of administrative expenses in both fiscal year 1993 and 1994.

Through the years, CIC's primary goal has been to provide the Federal Government with low-cost and effective delivery of valuable information to consumers. We are extremely aware of the changes that are occurring because of new information technologies, primarily those based on the use of computers. While continuing our success in delivering information to the American public through the traditional means of the media and the printed word, we intend to explore new dissemination systems. These include expanding the scope and use of CIC's electronic bulletin board as well as exploring the placement of publications on online telecommunications services.

In conclusion, Madam Chair, CIC is asking for \$2,074,000, an increase of \$48,000 in its appropriation for fiscal year 1994. We hope you will agree that the CIC program is a unique Federal program providing helpful service at comparatively little cost to both the public and the Government. In today's economic climate with its absolute imperative to "reinvent Government," we further hope that the Justifica-

tion and our testimony today will enable this Subcommittee to consider our appropriation request favorably.

At this time, I would be pleased to answer any questions you may have.

Senator MIKULSKI. Thank you very much, Ms. Nasif. We will be coming back to you.

I know that Senator Feinstein, too, is heading off to another Appropriations hearing.

Senator, rather than me taking the prerogative of the chair and leading off with questions, why don't I turn to you and let you ask your questions, and then I will come back because I have got a couple of real specific things that we are going to be taking some time with here.

FOUR AREAS OF CONCERN

Senator FEINSTEIN. All right, thank you very much, Madam Chair.

My question I think is for Ms. Jones-Smith. I was just reading the statement dated May 5, 1993, of Mr. Edmund Merswinski of the Public Interest Research Group, and he was somewhat critical of your agency for really not being more aggressive in several areas, and I want to just point those out.

One was to open a 5-gallon bucket rulemaking, pointing out that at least 1 child a week in this Nation drowns in a 5-gallon bucket, and that over 400 small children have drowned since 1985 in 5-gallon buckets. The second priority is to fund a baby walker study. The third to complete crib toy rulemaking. And the fourth, of course, is to do a better job of enforcing the current rules. There are a whole list of priorities here.

My question to you is, Have you reviewed this, and what is the position of your agency on his comments?

Ms. JONES-SMITH. Let me address, Senator, each of your issues. With regard to the 5-gallon buckets, the Commission is very concerned about the drownings that are occurring in 5-gallon buckets. We have done numerous public information campaigns on it. In addition, the Commission started a project with its staff in which the staff is working with ASTM to work on an expedited voluntary standard. As you know, under our statutes we have a three-step rulemaking process, and often rulemaking can take a number of years just because you have to allow the time for public comment, notice, et cetera.

Senator FEINSTEIN. Has that begun? Has the rulemaking process begun?

Ms. JONES-SMITH. We have not begun rulemaking. The voluntary standard process, however, is being balloted now and a standard for labeling we anticipate this year in 1993. In addition, work is being done on looking at technical performance standards to see if there are any possibilities to fix these buckets in some technical way. So, on balance we feel we have gone with—we want to solve the problem and we have gone for the fastest route possible that we think could get labels on the buckets. And certainly 1 year to get labels on buckets is certainly much faster, although we try to do our rulemaking very quickly many times it takes a couple of years just to allow for the public comment.

With regard to baby walkers, the Commission staff has proposed for midyear review, which the Commission will be voting on next week, to begin a project to study the hazards associated with baby walkers. This Commission, through its hazards screening process, became aware of the injuries associated with baby walkers—as you may be aware there was a petition filed to ban baby walkers. The Commission denied the petition on a legal basis because there may be a less burdensome means of addressing it. There exists a technical standard that the Commission is going to be looking at, but even before the petition was filed the staff had proposed a baby walkers project for the Commission to study further, and the Commission will be voting for inclusion of that project in our current 1993 budget.

With regard to crib toys the Commission has been working and studying the issue of crib toys and the problem with entanglement and strangulation.

[The information follows:]

With regard to the point about CPSC's enforcement of its rules, we believe the agency does a good job in this area. While resources are finite, our effectiveness in enforcement is clear.

For example: Since 1988, the staff of the Commission in conjunction with the U.S. Customs Service has conducted an aggressive import surveillance program. The primary emphasis has been toys and fireworks. During that time, Customs at the request of the commission staff has seized over 1,500 noncomplying toy shipments totaling more than 6 million units. In addition, over 1,700 fireworks shipments totaling more than 332 million units have been seized. Injunctive actions have been brought against a number of toy and fireworks importers based on the observed violations.

In addition to the import surveillance, Commission staff conducts approximately 1,200 inspections each year of manufacturers and importers of all consumer products subjects to CPSC safety regulations, collecting approximately 1,500 samples for testing in Commission laboratories. This effort, along with the import surveillance activities described above, identifies approximately 1,000 violative products a year. In all cases the Commission obtains correction of the violation and halts the sale of the noncomplying products. Approximately 100 of the violations each year are serious enough to warrant recall from the consumer.

With regard to the comments on enforcement which were made by Edmund Mierzewski of U.S. PIRG and cited by Senator Feinstein in her opening remarks, this was a reference he made at the agency's recent priority hearing and referred to the chronic hazard labeling. The Commission staff is presently conducting surveillance activities at the retail level and is following up with the manufacturer or importer to obtain correction of observed noncompliance. In addition, the staff is planning an import surveillance effort for the fall which will result in the seizure of noncomplying art materials at the port of entry.

In 1990, the Federal Hazardous Substances Act (FHSA) and the Flammable Fabrics Act (FFA) were amended to give the Commission authority to seek civil penalties for violations of regulations issued under those acts. The staff initially is concentrating its efforts on violations of toy regulations under the FHSA, and the mattress flammability standard under the FFA. The staff is developing dozens of cases and expects to resolve many of them over the next year.

Under section 15 of the CPSC, 15 U.S.C. 2064, manufacturers, distributors, and retailers are required to report potentially defective products to the Commission. The Commission receives about 200 reports under this provision each year. The Commission staff is considering proposing a special task force within the Compliance Office to investigate potential serious product hazards that are not being reported by firms under section 15.

FIRE SAFETY

Senator FEINSTEIN. The last one I would like to ask you about is for fire safety, home fire safety, which is a big problem in this Nation.

Ms. JONES-SMITH. Yes; it is. It is clearly a priority for this Commission. For the last 2 years the Commission has had as its priority project smoke detectors and carbon monoxide and fuel gas detection systems, and for our proposed priority project for this proposed budget we have home electrical system fires. Fire is certainly a major cause of death and injury in the country.

The Commission's priority project is focused on looking at the electrical systems in older homes which may be dilapidated and because of those electrical systems there is a greater risk of fire. So the Commission staff in this proposed budget for 1994 will be looking at cost-effective ways to rehabilitate the electrical systems in these older homes and possibly reduce some of these electrical fires that we are seeing.

Senator FEINSTEIN. Let me just say that I am very interested in these items and what I would like to do is address a letter to you. I will be watching your progress during this next year, and you can be certain that I will ask you about this at the next budget cycle. So I am hopeful that this will be a good opportunity for me to see how fast your agency can move to correct some of these problems.

Ms. JONES-SMITH. Thank you, Senator, and we look forward—if you would like our staff is always available to brief your staff on the current status of these projects.

Senator FEINSTEIN. I am interested in seeing your performance over the year. That is what I am interested in. Thank you.

Senator MIKULSKI. Senator Feinstein, one of the areas of questioning that we will be proceeding to is that we are really looking for the Consumer Product Safety Commission to go to a risk-based strategy, not so much a reaction to headline hazards. Your question is very much in line with the direction of this committee. As you know, we are trying to get strategic plans from agencies and based on the risks facing the American people, and not kind of wander all over. The CPSC cannot be all things to all people. You know that part of the greatest risk facing the American people is fires in the home, and that is one of your points.

But thank you, and we hope you come back. You can go over to that other hearing, but it is never going to be as much fun as mine. [Laughter.]

Senator FEINSTEIN. Oh, I know that.

CONSUMER INFORMATION CENTER

Senator MIKULSKI. So hurry back. We need you. Let me begin. I am going to start first with Ms. Nasif, go to Ms. Faley, and then wrap up with Ms. Jones-Smith. With each one of you we could spend a considerable amount of time, but you, Ms. Nasif, in your work at the Consumer Information Center, I feel that this is one of the best bargains that we have in the U.S. Government. And every year you come I pay you \$1, I am going to give you \$1 for my book again.

Ms. NASIF. And Bill Early always collects it for us. You can count on Bill.

HEALTH PUBLICATIONS

Senator MIKULSKI. You know, we have to report these gifts of over \$20. It is worth \$20 if it is worth \$1. I am going to go home—my mother already wants to know about the cancer tests. We have already gone over Medicare and your physician's bills, and that is part of what you are working on, Ms. Faley. I hope you have the answers to this, because when my mom came home from the rehab center our stacks of things were almost as tall as my mom and I, and they all said, "This is not a bill." We did not know what it was, and that is what happens to most Americans.

But seriously, each one of these we know is very important, and we think that you are doing an excellent job on a very modest budget. Ordinarily we ask you what your biggest demand is, but we note that the health publications are really probably one of your greatest areas of request. Am I correct in this?

Ms. NASIF. Yes; that is correct. The health publications are among our most enduringly popular topics through the years. About 40 percent of the titles in our catalog are health related in some manner, and, since it is our mandate to get this information out to the public, we work closely with the Food and Drug Administration, the National Institutes of Health, and Centers for Disease Control. They are doing a good job getting information out on a variety of subjects.

HEALTH CARE REFORM

Senator MIKULSKI. Ms. Nasif, in a few short weeks the President of the United States will announce his health care reform package. All of America is ready for this and we have to brace for what I think will be a tremendous onslaught of questions about the President's plan and what does it mean to me. Everyone from an ordinary family is going to have questions, as well as to providers, and so on. What preparation are you doing? This is one of the questions I will ask you, too, Ms. Faley.

Ms. NASIF. The Consumer Information Center offers a tremendous service to Federal agencies in terms of promotion and distribution of vital Federal consumer information, and we are ready to assist whatever lead agency is designated to start implementing some of the health care recommendations. We work closely with the Health Care Financing Administration—

Senator MIKULSKI. Not on implementing the recommendations.

Ms. NASIF. But explaining them; yes.

Senator MIKULSKI. Is there now a strategy, and perhaps, Ms. Faley, this is a good place for you to come in. If I could go back and forth between the two of you, because I believe that ultimately whatever the President recommends and the Congress decides, the American people have a right to know. If they feel they have access to information then we can truly have an informed debate and not one that has been manipulated by those who could gain.

Ms. Faley, could you tell us what is going on there?

Ms. FALEY. Yes.

Senator MIKULSKI. And is there a point person? If not, we are happy to take this to the First Lady and the President.

OCA ROLE IN HEALTH CARE REFORM

Ms. FALEY. There is a point person. As you know, administratively our Office is housed in the Department of Health and Human Services, which is doing the support work for the health care task reform. Two weeks ago I had a conversation with the chief of staff at HHS and he explained to me his strong concern and his request for our assistance in explaining health care reform to the average citizen. We are gearing up for doing that.

Also we are working with the National Consumers League. As you know, National Consumers League is a large grassroots consumer organization and they have approached us about doing a publication on explaining the President's plan. It looks as if we will be able to cooperate with them on that effort.

Senator MIKULSKI. What are you going to do—while we are going to a nonprofit grassroots organization who I firmly believe play an important role in our society, we have a Consumer Information Center. What is going to be their involvement?

Ms. FALEY. I would hope that we would be able to get corporate funding to distribute this brochure through CIC. We also will be working with the Office of Public Affairs at the Department of Health and Human Services.

STRATEGY FOR DISTRIBUTING HEALTH CARE REFORM INFORMATION

Senator MIKULSKI. Ms. Faley, is there a task force now, or a subgroup or whatever, at either the White House or the HHS that now is involving the Federal agencies who will have to promulgate information on this area? For example, what does it mean to veterans, another area that we have, the Consumer Information Center, which would be a tremendous distribution point and familiar with all the, shall we say informational trade routes that are the most effective so that we do not squander time and squander money, neither of which we can afford to lose in this debate. I mean, we are going to have a vote on this before this Congress adjourns this year.

Ms. FALEY. To answer specifically your question, there is not a Federal task force per se. I understand this effort, the planning phase is being handled by the Office of Public Affairs at HHS.

Senator MIKULSKI. And what is your role in it?

Ms. FALEY. Our role will be to provide staff members who will be detailed to HHS to work on this effort.

MEDIA CONTACTS OF CONSUMER INFORMATION CENTER

Ms. NASIF. The Consumer Information Center already has a program in place, of course, to move very aggressively and quickly to get information out through the media. We basically just need a product as far as getting the information out to all our media contacts. We regularly mail to 8,000 media contacts information releases on publications that exist and also information releases that we call "News-On's" that just deal with topics of general consumer interest. So, basically, we need to wait—

EFFORTS TO INFORM PEOPLE

Senator MIKULSKI. Well, we appreciate that. I tell you, we cannot wait, and I intend to write to both Mrs. Clinton as well as Secretary Shalala—Dr. Shalala—expressing our desire that there be efforts now underway. Because if I might just share with the members here, my office is bracing for what we think will happen, and I do not say that in a way because I am a social worker, I am a grassroots organizer, and I believe that people have a right to know and they have a right to be heard.

We know when President Clinton announces his plan we are going to be deluged. So when we say "bracing for it" means we are gearing ourselves up, we are getting our plans in from phone numbers, to outreach, to using new technology to interact with constituents, and so on. That is what I am doing. I want to be able, when they call me and say, "Barb, what the heck does this mean for vets," or "What did he say when he said it," I do not only want to send them the President's speech, I want to send them the thinking behind the President's speech.

And I think I speak for my 535 colleagues, and I know I speak for Americans who, really, they like infomercials. They like it. They like it on TV. The American people are real intelligent, and the one thing they know the most about right now is their health insurance. So I believe that HHS has to do the same type of prep that I am doing in coordination with the White House. You will not have the pamphlet because the President has not made his decisions, but we need to have a rapid response to print what it means and whatever, and I think this thinking has to go on right this minute. So I am going to undertake my correspondence with the First Lady, who I know shares my values on this, as well as Dr. Shalala.

But Ms. Faley, you are at the White House. We would really encourage you now to press for this. You are the White House Office of Consumer Affairs, I believe your authority is also to cut across agency lines.

Ms. FALEY. Yes; we do have a Consumer Affairs Council and we could form a task force.

HEALTH CARE REFORM TASK FORCE SUPPORT

Senator MIKULSKI. What I would really recommend, and I say this in the most cordial way, and I know if Senator Gramm were here or even Senator Kennedy's committee of which I am a member, Senator Kassebaum, we would all be saying the same thing. For whatever we decide, whatever we decide, we want it to have been based on the best information available to the President and the best information available to the public, and then we, the Congress, will be able to make, I think, the best decision for the American people.

So we really do encourage that, which takes me to something else. You are being asked to do some of the heavy lifting in terms of paying the bill for the task force; is that right?

Ms. FALEY. We have been asked to contribute \$128,000 to the work of the task force, which is about 6 percent of our budget, and

to detail three people to work on the child immunization portion of the task force effort.

Senator MIKULSKI. Well, I understand what we made available to you last year was \$2 million and some thousand. Then I recently learned that you have been asked to come up with a real big chunk of bucks to help pay for the task force as your assessment. Am I correct in that?

Ms. FALEY. \$128,000 is 6 percent of our budget. Some people may not consider that a very large chunk of bucks, but to us it is a significant amount.

CONSUMER'S RESOURCE HANDBOOK FUNDING

Senator MIKULSKI. Six percent is a lot. So we are going to convey our concern to Dr. Shalala because it is not only what you have to spend but the rest of the year you could be deluged. That is what I am trying to go for. I am trying to look ahead with some anticipation.

Also, I understand that OCA is having great difficulty in getting adequate funding commitments to print the Consumer's Resource Handbook which so many people look to.

Ms. FALEY. Yes; one problem is that, without the appointment of a director, we are unable to raise funds through our gift acceptance authority.

Senator MIKULSKI. Which we provide.

Ms. FALEY. As I said in my opening statement, we are eagerly awaiting the appointment of our new Director so we can begin seeking those funds both from corporate sponsors and other Federal Government agencies.

Senator MIKULSKI. Well, let me say this to both you and to Ms. Jones-Smith. I know you are in a difficult situation in which you are both acting in your position. Of course, Ms. Jones-Smith, you have a term, but I think everybody is stepping forward and trying to do a good job, and I just want to say thank you. I think if we just keep focused on our mission and let us worry about some of the resources you need, we will be able to make it through this fiscal year.

ADDITIONAL COSTS FOR CONSUMER INFORMATION CENTER

If I could come back to the deluge concern, do you anticipate additional costs that are now not covered in the fiscal 1994 budget because of the tremendous debate on health insurance reform answering the, you know, the kinds of request for information will need to go out as the debate unfolds? And No. 2, once decisions are made that you will need additional financing, Ms. Nasif, for there to be the pamphlets to say what did Congress do and what does it mean?

Ms. NASIF. The funds that are necessary to cover the costs of publications that are offered free to consumers are covered by the participating agencies. We are actually going through our annual review process right now during the third quarter anticipating what the publication distribution level will be in 1994 and 1995.

Senator MIKULSKI. But it will cost you more—

Ms. NASIF. It will cost the participating agencies more. However, their costs are included in CIC's aggregate spending limit which we purposely increased to a requested higher level of \$7.5 million in fiscal year 1994. We actually collect those moneys from participating agencies. It comes to about \$3.2 million in 1993. We are now assessing how much that would increase in 1994. And so, generally, I assume this publication that we are describing would be offered without charge to the American public. I think it would be inappropriate to put a sales charge on it.

Let us assume that the Health Care Financing Administration develops a publication explaining the health care reform package. It would be put into the Consumer Information Center's system to be offered free to the public, and then as consumers order we would bill HCFA for the order fulfillment costs associated with the publication. So the cost does not come out of our direct budget authority, but is a separate component within CIC's aggregate spending limit.

Senator MIKULSKI. What about the mailing and distribution costs?

Ms. NASIF. The mailing and distribution costs of the Pueblo, CO, facility are covered by the sponsoring agencies. An agency can decide whether or not to make the publication free to the public, and if that decision is made the agency reimburses CIC for the postage and the handling fees.

MULTICULTURAL DIALOGS

Senator MIKULSKI. I see; good. We could pursue this, and I know we are trying to move quickly. Ms. Faley, this is exactly the kinds of questions that I think need to be addressed not in an Appropriations hearing. We address it in an Appropriations hearing after you have had your brainstorming on this, and this is exactly what I think needs to go on. We need to anticipate, we need to estimate what could happen to the agencies involved, and we know what they are. They are a defined universe of agencies—VA, HCFA, and so on. So we really do need that and we are going to convey that upstairs.

I think we have gone over your request pretty well, and Ms. Faley, we have gone over yours. Again, we are concerned about what I anticipate to be some of the shortfalls because of these demands. I think when the fiscal 1994 budget was prepared no one was really quite clear that the health insurance reform was going to be debated and voted on this year, so I think that this was not included in the deliberations of your agencies and so on.

I would like to come back to just one point in your testimony in which you talk about your outreach to the minority community, both ethnic, African-American, I am sure, Hispanic, and other language groups, and I was struck by the type of information that was requested, the access to information about how to pursue the American dream and protect themselves from scams in that process. Is that not kind of the core elements of what emerged?

Ms. FALEY. I think that is it in a nutshell. Before we convened each of our dialogs, we actually polled the community representatives to find out what they were most concerned about, and that list of subjects—concern about how to buy a home, how to repair

a home, how to improve a home, credit availability, banking concerns—this was the agenda formed by the people in the community. So I think you are absolutely correct.

Senator MIKULSKI. I think that is excellent, and I would really encourage you as you do your work, you link that with organizations such as the NAACP who have new leadership. The NAACP, based in Maryland, has a new and charismatic leader, Rev. Benjamin Chavis, who I know is interested in economic empowerment. The NAACP legal defense fund has someone who is an old hand but has a new head, as well as the Mexican-American defense fund. I think there is new leadership, new interest in not only rights, but something I know Ms. Jones-Smith and her family are interested in—economic empowerment. So we look forward to helping you have the resources to do that type of outreach.

Ms. FALEY. Thank you. We would appreciate that.

Senator MIKULSKI. I think the most important tool, one of the most important tools for empowerment is information. I believe that access to information is as important as access to capital, and in this information age access to information is a form of capital that either helps you preserve it from scams or to find ways to obtain it for self-help initiatives, college loans or mortgages, and so on. I cannot tell you how important I think your work is.

Ms. FALEY. Thank you.

STRATEGIC PLAN

Senator MIKULSKI. Now, let us turn to someone who is also working very hard to protect the American people from products, and I am going to turn now to Ms. Jones-Smith. I would like to pick up, if I could, on the strategic planning and the organizational structure issues, and some of the questions that Senator Feinstein raised.

We asked the Commission to develop a risk-based strategic plan, and that is what you were talking about, Ms. Jones-Smith. I am wondering—first of all, I am pleased that you have devoted so much effort into your long-range strategic planning efforts. But I am concerned that there were no timeframes or strategies describing how you will make those specific changes, and you and I know from other fields of endeavor that goals and timetables were very important to achieving those strategies. Could you share with us when you will develop the specific strategy to meet the goals that you have identified?

Ms. JONES-SMITH. Well, we have provided to the subcommittee a list of tasks and subtasks necessary to carry out the long-range plan. To incorporate risk-based decisionmaking into the agency and to change the operational structure of the agency, is a multifaceted effort. It requires many tasks. Some we have begun. I have said in my statement some of the progress we have made toward that. We have provided to the subcommittee a detailed listing of many of the tasks that are necessary, including implementation of guidance to the staff on risk-based decisionmaking, our information technology plan, organizational structure which the Commission will be deciding on in the fall of this year. So we have provided a very detailed strategy to the subcommittee.

Senator MIKULSKI. Well, what I have, and maybe it is not what you are talking about, is something called the long-range plan, and the word says on it "draft," and it is dated May 12. So we have not really had a chance to review it. My own quick look at it is that it is a lot of process with some dates here, but I am not sure—we will look forward to your final plan, what outcomes you seek and by when, you see. Because you have your goals, you worked very hard on those goals. Now we need the strategies and the outcomes by which we can measure, and I think you could measure the achievement of those.

Maybe just seeing this draft that was just really developed here, dated May 12, we have not had a chance to review it. Maybe I am missing something. But you know the objective I seek, Ms. Jones-Smith, is that now that a strategic plan has been developed then how do we achieve it, what are the timetables, and what are the outcomes that we expect, what are the operational outcomes that we expect to achieve the goals.

LONG-RANGE PLAN

Ms. JONES-SMITH. Most of the detail is in the information we provided you, but let me just kind of briefly give you a summary of what we are doing. First of all, the long-range plan describes where this agency has to go, what the strategies are that it needs to operate in the 1990's. For any organization to be successful and have successful outputs you have to first change the organization. You have to change the basic operating principles by which an organization runs.

Many agencies and private companies and organizations have done things like change the organizational structure, set specific target goals, but they have not changed the organization, and then they turn around and they are surprised that they have not met those goals. So what we are focusing on is changing the organization so that we can meet those goals.

Big components of getting this plan operational involves defining risk-based decisionmaking and setting up an operational framework, which we are working on now. We are also working to complete computerization of the agency and automation of the agency, which is contained in our information technology plan. Change in organizational structure will be decided by the Commission in the fall of this year. We were presented, at our public hearings on the long-range plan we were presented with a number of options, should the agency restructure itself hazard by hazard, such as fire, mechanical, et cetera, or should it structure itself by discipline.

Those were some of the big components in the plan and as I said, by fall we hope to have the organization completed. Our information technology plan, if funded as described in the plan, has a completion date of 1996 for full computerization of the agency.

IMPLEMENTATION OF COMMISSION DECISIONS

Senator MIKULSKI. Let me just go to another document, which is the one given to the committee by members working with you on the long-range planning committee, the General Counsel, the Executive Director, and the Secretary Sadie Dunn. It goes here on the

implementation of Commission decisions, and we might want to go back and review this on page 7, and it says this, and this is what I hoped for just so you have your guiding principles, it is what your own internal document is recommending.

To assure the efficient expenditure of resources the agency should establish threshold or sunrise criteria for funding activities based on realistic estimates of the time and money required, realistic standards should be established to account for the progress of the activity, and the Commission should conduct periodic oversight during the course of the activity, including a critical review of the progress of and, when appropriate, the desirability of continuing to fund the activity. The allocation of resources has too often been done on a piecemeal basis reflecting immediate concerns not only of the Commission but also of the staff, kind of the hazard headline reaction. As a result progress on specific projects has often been fitful, slowing, stopping, restarting, as different years, collegial bodies, and external influences have focused on different issues.

Now, I want to acknowledge the role of Congress in kind of giving you a hazard a week to deal with. I want to acknowledge that, because that could cause you to lurch around and you are then summoned to be responsive. But I think you and I, we believe in business plans and so on, data driven, when I say customer oriented it would be the risk based, and so on. What we would like you to do, rather than engaging in back and forth, is to review this document which goes to the long-range planning commission. We think it was an excellent document done by a very professional staff.

Ms. JONES-SMITH. We do also. In fact that is what we are doing now.

Senator MIKULSKI. That is what we would look at in terms of the implementation, so then we can evaluate the funding needed and then work with you in accomplishing the goals that you, as chair, and the Commission needs to establish.

Ms. JONES-SMITH. Let me just say, Madam Chair, when we are saying we are setting up guidelines for use of risk-based decision-making, that is what the Commission is doing now. You have to be able to translate. We can define risk-based decisionmaking, but we have to be able to translate operationally to the staff how to use it in its operations.

Senator MIKULSKI. That is exactly what I am talking about.

Ms. JONES-SMITH. That is what the Commission is working on now, and that is one of the items that you will see in the information we have provided to you that the Commission is currently working on, our guidance to the staff on how to use risk-based decisionmaking.

ADDITIONAL RENT CHARGES

Senator MIKULSKI. That is exactly the purpose of my question. So what you are trying to do is the question that I am asking and, therefore, what we look forward to is hearing the answers about how you will do that. We think your own staff also gives you some recommendations, from your top-level senior people on how to achieve that.

Let us go to the rent issue. I want to go to the move which is estimated to occur in August. Your budget request does not include the additional rent charges that you are going to pay for the new facility, and we understand the comparability issues and so on. As I understand it, the rental charge will be \$540,000 more than what was budgeted for. How will this be met? Will you have to take that from staff, or what?

Ms. JONES-SMITH. Well, what we did, we cut back on some of the programs and some of the administrative costs. We have essentially absorbed the cost in 1994. I am certainly concerned about this rental increase because it is a recurring cost, and I have conveyed the concern to OMB. It is a mistake that was made, I think, in developing the 1993 budget. They used the base of the previous year which did not include the new rent for the space facility, so I am concerned about this cost which will recur year after year.

Senator MIKULSKI. Did GSA know this when they entered into this agreement?

Ms. JONES-SMITH. That the space was \$540,000 more?

Senator MIKULSKI. Yes.

Ms. JONES-SMITH. Yes, Madam Chair.

Senator MIKULSKI. Did they tell OMB?

Ms. JONES-SMITH. Certainly. The relocation costs—let me ask Mr. Eric Peterson to address this.

Senator MIKULSKI. Sure. I know this is real technical stuff. Moves are never easy.

Mr. PETERSON. Good morning, Senator. What happened was that in calculating the 1994 budget OMB used the 1993 base, and the 1993 base did not include the adjustment for the new rent. So, as a result, we brought that matter to OMB's attention. OMB admitted that they had made a mistake, but because of the fashion in which the passback process was proceeding they were not prepared to redress it in the passback. They simply said we acknowledge the mistake and we hope that Congress will take care of it for you.

Senator MIKULSKI. You see, unfortunately that does not translate into the 602(b). Ms. Jones-Smith, I am also concerned too that it is a reoccurring cost and you could take disciplines—it sounds like you have enforced a certain amount of other disciplines to deal with this, but if this is a rolling cost this could have serious consequences, exactly with being able to implement what we had just discussed a few minutes ago. Am I correct?

Ms. JONES-SMITH. We have raised that concern with OMB and we are hoping that this is going to be addressed in the future. Certainly we have the concern now for the 1994 budget and we have raised it that it is going to be a reoccurring concern for us.

Senator MIKULSKI. OK. And what is clear is that the present budget request to us does not include this.

Ms. JONES-SMITH. Yes; because of the way the budget was developed, certainly I think it was not looked at.

Senator MIKULSKI. There is not malevolence here directed towards the CPSC.

Ms. JONES-SMITH. Exactly.

COMMISSION MOVE

Senator MIKULSKI. Well, until we are real clear on what our 602(b) is, we are not sure how we could accommodate this. But anyway, we understand the move is going smoothly?

Ms. JONES-SMITH. It is, Madam Chair, and we look forward to having you at our dedication ceremony.

Senator MIKULSKI. Well, I look forward to being there. I want you to know, though, that I have gotten some phone calls from some employees who are a little cranky. They feel they are going to have less space and less private office space. Often when people move sometimes their concerns are legitimate and sometimes they are exaggerated, but I really would encourage Mr. Peterson to kind of meet with the staff and see about some of their issues.

I know I have had some of those same problems here in the Hart Building where the lousy ventilation and the poor service of the Architect of the Capitol resulted in my staff feeling like they were running an oxygen deficit. So, really, we want the move to really be a source of morale boosting and productivity improvement, so we ask you really to kind of see what some of those problems are. And we look forward to trying to be at the dedication.

Ms. JONES-SMITH. Let me just say, Madam Chair, one of the things we have done is to establish a newsletter which we print regularly for the staff entitled "Moving Along." We have met with the staff and heard gripes. I think whenever you have change in an organization you are going to have people who are going to be a little concerned, and some people like Westbard Avenue, they like the apartment building, for whatever reason. I honestly believe an overwhelming majority of our staff are looking forward to the move, and change in any organization causes a certain amount of stress. I think that is some of this.

Senator MIKULSKI. We have been involved with many changes and many moves, and often these same issues occur, and we acknowledge them. We acknowledge that change is hard. We also acknowledge that some of the concerns have validity and that is what we want to pursue.

I want to thank all three members of this panel for participating. I would also like to thank the Commissioners of the Consumer Product Safety Commission, and know that I would like to be able to spend more time with all of you. We have many issues ahead to make sure that people have a right to know, a right to be heard, and a right to be protected. Looking at this panels looks a lot like the new Senate, so we look forward to working with you and we thank you very much.

Ms. JONES-SMITH. Thank you.

Ms. FALEY. Thank you.

Ms. NASIF. Thank you.

ADDITIONAL COMMITTEE QUESTIONS

Senator MIKULSKI. We will submit the balance of the questions for response in the record.

[The following questions were not asked at the hearing, but were submitted to the agencies for response subsequent to the hearing:]

CONSUMER PRODUCT SAFETY COMMISSION

QUESTIONS SUBMITTED BY SENATOR MIKULSKI

STRATEGIC PLANNING

SENATOR MIKULSKI: Your Budget request looks much like the current budget. How is your budget request based on real risks?

ANSWER: The budget request represents a balanced product safety program. Projects were selected based on the frequency and severity of injury; the causality of injury; chronic illness and future injury potential; cost and benefit of CPSC action; unforeseen nature of the risk; vulnerability of population; and, the probability of exposure to the hazard. The consumer products covered by the projects in the Hazard Assessment and Reduction program are associated with an estimated 6,258 deaths, 1.2 million injuries, and societal losses in excess of \$26 billion.

PRIORITY PROJECTS

SENATOR MIKULSKI: In last year's hearing record (p. 160), you indicated that the following consumer products have the highest number of deaths associated with them:

1. bicycles
2. upholstered furniture
3. matches and lighters
4. swimming pools
5. mattresses and bedding
6. heating equipment
7. cooking equipment
8. bathtubs and showers
9. wall coverings

If these are the high risk areas, why is the Home Electrical System Fires project your #1 priority project in FY94?

ANSWER: CPSC staff has participated in the development of voluntary or mandatory standards for all of the above products except for wall coverings. In the case of bicycles, lighters, and swimming pools, projects are currently in progress.

It is very important to understand that measurable results of some Commission activities may not be apparent for several years after the point the agency takes specific action. Some products may continue to show high numbers of deaths despite Commission efforts for a variety of reasons, for example, length of product life. Since standards apply only to new products, the length of product life will affect the time it takes for the standard to affect the statistics. For example, in the case of mattresses, it may take considerable time before a large portion of the mattresses in use meet the relatively new mandatory standard. A number of the items on this list have a long product life.

In addition, the Commission continually reviews injury and death statistics and will revisit a product area to consider additional strategies when warranted.

When viewed in terms of the number of deaths, a project dealing with fires associated with home electrical wiring is a logical candidate to receive priority attention. The Commission estimates that 550 deaths occur annually in this nation from residential fires or electrocutions associated with the electrical wiring system. Past Commission findings show that these fires occur at the highest rates among dwellings over 40 years old, and that inadequate electrical systems were involved in over two-thirds of the fires studied. Low income consumers, minorities, children and the elderly are particularly vulnerable to home electrical wiring fires. Technology now exists which can address these fires and deaths. The Commission has developed a comprehensive plan to reduce the number of these deaths through this priority project.

PROJECT RANKING

SENATOR MIKULSKI: What process did CPSC use to rank projects for the FY 94 budget?

ANSWER: The staff proposes hazard projects measured against seven criteria:

- Frequency and severity of injury
- Causality of injury
- Chronic illness and future injury potential
- Cost and benefit of CPSC action
- Unforeseen nature of the risk
- Vulnerability of population
- Probability of exposure to hazard

The Commission then chooses projects which in its judgment best meet these criteria.

HEADLINE HAZARDS

SENATOR MIKULSKI: CPSC has often responded to "headline hazards" where a relatively minor risk will be involved in a newsworthy accident. Then CPSC will devote too many resources to this particular activity. For example, much time and effort was devoted to banning "lawn darts" a few years ago, not a high risk to most consumers in their day-to-day lives. What is your strategy for avoiding headline hazards?

ANSWER: In the case of lawn darts, this action was directed by Congress. Under normal circumstances of decision making, based on risks to consumers, lawn darts and, quite likely, other projects addressed at Congressional direction would not have received the intensive and expensive efforts that were applied. The Commission recognizes the prerogative of Congress to direct specific agency actions as a matter of public policy, but it is the policy of the Commission to adopt projects that respond to risk-based needs, not headlines.

HOME ELECTRICAL SYSTEM FIRES

SENATOR MIKULSKI: What are your specific goals and objectives for the Home Electrical System Fires project and when will it be terminated.

ANSWER: The specific goal of the Home Electrical System Fires project is to reduce the estimated 550 deaths associated with residential electrical wiring system fires that occur annually in this country. The project objectives are (1) to promote adoption by state and local jurisdictions of an

ordinance to require that electrical wiring systems of older residences be re-inspected to determine minimal fitness for the safe use of electric power, and (2) to demonstrate how deteriorated parts of electrical wiring systems can be repaired or replaced to achieve additional safety at minimal cost. It is estimated that the project will take three years to complete.

PREVIOUS PRIORITY PROJECTS

SENATOR MIKULSKI: Your budget continues two priority projects from the current year, Smoke Detectors and Carbon Monoxide and Gas Fuel Detection. What progress has been made, and when will you terminate funding for these activities.

ANSWER: Considerable progress has been achieved in both priority projects. The progress on smoke detectors is discussed in the following question. For CO and fuel gas detectors, the staff has worked with Underwriters Laboratories to develop a product standard that became effective in April 1992. Several products are now listed and available to consumers. At CPSC's request, the National Fire Protection Association (NFPA) is developing an installation standard for CO and fuel gas detectors which will be submitted to the full NFPA committee at the end of this year. Proposals to require CO detectors in new residential construction were submitted to the major building codes. Although none have adopted the proposal to date, CPSC is pursuing a vigorous plan to overcome objections raised at the code hearings. Finally, CPSC has developed and distributed consumer education material encouraging the use of CO and fuel gas detectors.

Funding as priority projects terminate at the end of Fiscal Year 1993. Both projects end in 1994. There may be small efforts in 1995 but not at the "project level".

SENATOR MIKULSKI: The purpose of the smoke detector project is to increase the number of working smoke detectors in homes. What specific achievements have been made?

ANSWER: To accomplish the goal of increasing the number of working detectors in homes, the Commission has emphasized three primary tasks: (1) the implementation of two smoke detector operability studies, (2) consumer awareness activities, and (3) the overall management and direction of the cooperative National Smoke Detector Project. The tasks support efforts to install detectors where there are none and to improve the operability of existing units.

Smoke Detector Operability Studies--CPSC completed data collection for two major studies to determine the extent and reasons for smoke detector inoperability. HUD and USFA assisted with funding. The report on operability in the general population of homes with smoke detectors will be released this summer. The second study report which includes homes that had fires, will be completed late in 1993.

Consumer Awareness Activities--CPSC supported state and local projects and initiated the "For Pete's Sake" multi-phase national campaign with new radio and video public service announcements to encourage detector usage. CPSC supported Fire Prevention Week with National Fire Prevention Association and "Change Your Clock, Change Your Battery" with the International Association of Fire Chiefs, among other cooperative efforts.

The National Smoke Detector Project--The four operating committees of the Project have conducted a broad range of activities. The Field Investigations Committee produced the operability studies conducted by CPSC. Consumer Awareness Committee members coordinated their separate programs to increase smoke detector usage and proper maintenance. They are developing networks to disseminate updated information from the Project, especially to high risk populations. The Project produced a national video conference sharing information about

conducting operability surveys and successful consumer programs. With Codes and Standards Committee efforts, all major building codes now require residential detectors to be AC power with battery back-up. Louisiana and Iowa have recently adopted state requirements for residential smoke detectors. Committee members are currently encouraging the states of Oklahoma, Missouri, Mississippi, Kansas and Pennsylvania to adopt legislation. The Technology Committee is evaluating technical problems the CPSC Laboratory observed in inoperable smoke detectors collected in the operability studies in order to make improvements in performance standards.

CRITERIA TO INITIATE/TERMINATE ACTIVITIES

SENATOR MIKULSKI: What specific criteria has been established to clearly delineate how you initiate and terminate activities?

ANSWER: The Commission is writing and will issue guidance to the staff to explain how it believes risk-based decision making should be used in CPSC's day-to-day operations. This guidance will identify the kind of information the Commission or delegated decision makers need to decide whether it will begin an activity or to decide what remedy is appropriate to address a given hazard.

Decisions to engage in an activity or begin work on a project or initiate remedial strategies require consideration of the potential risk of injury posed to the American public. These are the kinds of questions the Commission will ask the staff to answer:

- o Frequency and severity of injuries. How many injuries and deaths are associated with the product or the hazard? What are the trends in the data? What are the hazard patterns? Are there comparable hazards with similar products?

- o Exposure to the risk. How many products are in use? What is the frequency of exposure to the risk of injury? What is the likelihood that such exposure will result in injury?

- o Causality of injuries. What is the relationship between the consumer, the

environment and the product?

- o Foreseeability of the risk. How foreseeable is the sequence of events (interaction of the consumer, the product and the environment) that creates the risk of injury?

- o Vulnerability of the population at risk. To what degree is the product associated with injuries to such populations as children, individuals with disabilities, and senior citizens? To what degree are these individuals able to appreciate the risk and take measures to protect themselves?

Decisions to engage in an activity or begin work on a project or initiate remedial strategies also require consideration of correcting the hazard in a cost effective manner. These are the kinds of questions the Commission will ask the staff to answer:

- o History. What past Commission activities and staff initiatives are relevant to the hazard? What were the results of the activities and initiatives?

- o Is the hazard amenable to Commission action? What options are feasible? What are the pros and cons of each option?

- o Are the remedies or activities under consideration commensurate with the risk of injury? What is the potential for the remedies or activities to reduce the risk of injury?

- o What are the potential costs (including costs to the agency) and benefits of CPSC action?

The Commission recognizes that the amount of information considered should be commensurate with the project or activity or remedial strategy under consideration. The Commission also recognizes that incomplete information may exist. The staff will be directed to use its best judgment based on its expert opinion when information is incomplete.

The Commission reviews projects at the budget development, operating plan and mid-year review stages. The Commission assesses

the status of each project by reviewing previously established objectives, milestones, and accomplishments to date. This is the basis for accelerating projects by adding resources, maintaining projects at their present funding, or terminating projects. When project objectives are met the effort is terminated.

STAFF REDUCTIONS

SENATOR MIKULSKI: According to your strategic planning task force, CPSC has traditionally not done any systematic followup evaluation to determine the effectiveness of various approaches it takes to reduce product injuries. The Commission recognized that evaluation should be a key component of your activities when you proposed in your '93 operating plan \$200,000 for evaluation. Yet, you are reducing the meager staff (6 total) for these activities in FY 94. Why?

ANSWER: The Commission recognizes the importance of the Office of Planning and Evaluation but it had to make difficult choices to implement the Administration's requested 13 FTE reduction. There is no place to reduce FTEs without some impact. The Commission sought to minimize the impact on direct program activities. The process the agency used to accommodate the Administration's direction began with where vacancies currently existed because the reductions have to be made by October 1 and attrition, not reductions-in-force, is the preferred strategy.

PROJECT EVALUATIONS

SENATOR MIKULSKI: Describe how you will evaluate the three priority projects in the FY 94 budget request?

ANSWER: The Commission has one priority project for FY 1994, Home Electrical System Fires.

Project evaluation is tailored to the circumstances of each project. The primary measure for the effectiveness of a hazard assessment and reduction project is the reduction in injuries, deaths, and property damage as a result of the project.

The goal of the Home Electrical System Fires project is to reduce the 550 deaths, 1,340 injuries and \$500 million in property damage that occur each year. The annual societal cost is \$1.7 billion. This is a three-year project that will end in FY 1996. The project also can be evaluated based on questions such as: 1) When was the NFPA-73 Electrical Reinspection Code issued? 2) How many state and local jurisdictions adopted the Electrical Reinspection Code? and, 3) What innovative low-cost electrical system protective devices were identified? It is very important to understand that measurable results of some Commission activities may not be apparent for several years after the point the agency takes specific action.

AUTOMATION

SENATOR MIKULSKI: While CPSC collects a great deal of information on product hazards from a variety of sources, the information it collects is not contained in any single centralized data base which would be a one-stop-shop on specific product hazards. One of the goals in the long-range plan was improving data collection. You are requesting \$450,000 for this in FY 94, yet I understand you requested \$1.2 million in your original OMB request. What will be the impact of this cut? What is the total amount needed to fully implement a centralized data base, and how high a priority is this to be? When will the data base be fully implemented and what will be the impact on CPSC's activities?

ANSWER: The failure to fund the \$750,000 increment will delay implementation of the agency's automation effort by at least one year. The \$425,000 in the request will permit only minimal work to be done on developing the centralized data base.

The total additional cost required to complete the automation plan is \$1.6 million. The agency places a very high priority on the automation effort because the centralized data base is a key infrastructure component of the risk-based decision making process the agency is seeking to implement. The agency has shown commitment to the effort by allocating as much resources (\$425,000) as possible from within its existing base without jeopardizing product

safety efforts. The agency plans to continue to work with the Office of Management and Budget to secure full funding.

If the \$1.6 million is received by FY 1995, the agency can complete its automation plan by FY 1996. There will be several beneficial impacts on the agency's activities. First, there will be the capability for all agency safety analysts to get the latest information as well as add the latest information from their desktop. Second, analysts will have available to them modern data processing and statistical tools to analyze product hazard information. Third, automation will reduce the time required by analysts to do their work, thus reducing the time required to address hazard issues. Finally, automation offers the promise of identification of hazards at an earlier stage than in the past.

GOALS AND OBJECTIVES

SENATOR MIKULSKI: What specific goals and objectives has the Commission established for FY 94, and how were these goals established through risk-based planning?

ANSWER: The Commission established the goals and objectives of its long range plan as its goals and objectives for 1994.

GOAL 1. RISK-BASED DECISION MAKING: Prioritize hazard reduction activities by the degree of risk presented to the public, the susceptibility of the hazard to remedial action, and the cost of achieving that action.

OBJECTIVE 1. Data Collection: Establish an integrated, centralized system containing all data relevant to each hazard that CPSC encounters to enable the agency's staff to identify and quantify product hazards at the earliest stage possible.

OBJECTIVE 2. Policy Guidance: Issue policies and procedures to promote a uniform agency-wide approach to hazard evaluation, to establish threshold levels for Commission action, and to assure that Commission activities are conducted in an expeditious and cost-effective manner.

OBJECTIVE 3. Management and Staff

Structure: Establish an organizational structure that promotes comprehensive, integrated, and timely collection and analysis of hazard information by individuals with expertise in a number of disciplines.

GOAL 2. EFFECTIVE USE OF INJURY REDUCTION TOOLS: Improve selection of remedial measures by evaluating all of the tools available to address the hazard. Select the remedy or remedies that provide an appropriate measure of safety for the public in a cost-effective manner ensuring that the response is commensurate with the risk.

OBJECTIVE 1. Refine Compliance and Enforcement Activities: Conduct a vigorous compliance and enforcement program to address substantial product hazards and violations of regulations. Risk-based hazard assessment will primarily dictate the level of response to specific problems.

OBJECTIVE 2. Strengthen Voluntary Safety Activities: Base voluntary activities on CPSC priorities and the degree of hazard to the public, consistent with the goal of allocating the agency's resources towards reducing the greatest risks of injury.

OBJECTIVE 3. Improve the Rulemaking Process: Develop procedures to reduce the time required to promulgate rules.

OBJECTIVE 4. Expand Consumer Information Efforts: The dissemination of safety information about potential hazards and the safe use of consumer products will be a major hazard reduction tool.

OBJECTIVE 5. Enhance International Activities: Work with other government agencies and standards-setting organizations involved in international product safety activities.

OBJECTIVE 6. Target Working Relationships: Develop relationships to promote activities that address the greatest risks to the public.

ORGANIZATIONAL STRUCTURE

SENATOR MIKULSKI: When the Commission was created, it had about 900 staff. Today it has fewer than 500. Yet the agency's organizational structure has not changed significantly since that time. According to CPSC's own strategic planning task force, the structure creates constraints on the ability of the staff to function efficiently. There is redundant review and sign-off procedures, wasting staff time and resources. The structure causes confusion, a lack of accountability, and no particular offices clearly responsible for particular types of products. Last year, CPSC held public and employee hearings as part of its strategic planning process. Some witnesses testified that CPSC's organizational structure should be changed to a product hazards-basis. One of the former commissioners of CPSC, David Pittle, said: "Your resources are spread too thin on too many projects that do not have either a serious risk or any hope of reaching a satisfactory conclusion. You should regroup your meager staff and commit to solving major problems."

Do you agree with the former commissioner's assessment?

ANSWER: That is what risk-based decision making is intended to address. The Commission is implementing risk-based decision making in the selection and analysis of hazards and is improving selection of remedial measures by evaluating all of the tools available to address the hazard. Selecting the remedy or remedies that provide an appropriate measure of safety for the public in a cost-effective manner will ensure that the agency's response is commensurate with the risk. Historically, there is some credibility to the former Commissioner's assessment. The Commission does recognize that some past Commission work in its budget programs has not addressed the most serious risks nor resulted in a satisfactory conclusion. However, for the FY 1993 and FY 1994 budgets the Commission has concentrated on addressing serious risks. Project tasks are fully funded and will be tracked to successful completion.

SENATOR MIKULSKI: Should CPSC be organized

along product hazard lines, rather than functional lines?

ANSWER: The organizational structure of the agency must promote comprehensive, integrated, and timely collection and analysis of hazard information by individuals with expertise in a number of disciplines. The reorganization of CPSC into offices focusing on specific hazards will be given serious consideration by the Commission.

SENATOR MIKULSKI: What are your plans to implement a major reorganization and when will the reorganization occur?

ANSWER: The Commission will evaluate its organizational options and determine the type of organizational structure that best promotes the goal of efficient risk-based decision making by the Fall of this year.

RELOCATION

SENATOR MIKULSKI: The Congress provided \$6.3 million in the FY 1993 budget for relocation of CPSC Headquarters offices within Bethesda. We have received calls from some employees suggesting that the new facility is being gold-plated, including a fancy exercise room and a high-tech hearing room. We have also heard that there are some employees disgruntled about the move, including less space for employees with no private offices, no parking, etc.

Are staff generally supportive of the move to the new facility and their new working quarters? If not, what are their specific concerns and how are those concerns being addressed?

ANSWER: CPSC Headquarters staff is generally supportive of the move to the new facility. Headquarters staff has been aware of the agency's intention to relocate at least as far back as August, 1991. At that time employees were asked to voluntarily provide information on a variety of topics associated with the move from current substandard space. For example staff were asked to provide information about their interest and preferences for: means of commuting to and from work at a new location; automobile

parking for employees at a new location; child day-care at or near a new location; eating facilities and other services at or near a new location; and a health room and exercise room at a new location. Out of more than 300 Headquarters employees who received the questionnaire, 290 voluntarily responded. The questionnaire did not ask "whether" employees approved of a relocation. The decision of whether to relocate is within management's discretion.

The opportunity to update CPSC's physical facility was presented by the U.S. General Services Administration's desire not to renew the Government's lease for the current space when it expires in January 1996. With the agreement of GSA, the Office of Management and Budget, and the Congress, CPSC has sought to relocate sooner than this date. This enabled the agency to take advantage of very favorable markets for leased office space as well as for furniture and equipment to facilitate the most efficient use of space. In addition, and equally important, is the fact that the new location is three blocks from the Bethesda Metrorail station. This will make the Commission more accessible to the public.

Three issues which have been raised by the staff concern private offices, file space and parking. The relocation of CPSC's Headquarters offices includes plans for significantly improving the work environment for all employees over the current substandard space the agency Headquarters now occupies. More efficient work stations are being planned for all equipment. While some employees will no longer have private offices, the amount of space for each employee is generally consistent with GSA space utilization guidelines. There will be an adequate number of conference rooms to provide a professional environment, in which to meet with the public regarding agency business. Based on an inventory of staff filing needs, an aggressive records management program and the planned total automation of the agency's data bases, comprehensive efforts are being made to provide adequate and appropriate filing space. Further, every supervisor and all employees General Schedule grade 15 and above will have private offices. This, too, is in keeping with GSA regulations. Finally, there is ample

parking for all employees who choose to drive their automobiles to work. While a substantial portion of the parking garage is laid out in a tandem arrangement the agency is exploring alternative parking schemes with the building owner. There will be a fee for parking. This monthly cost is half of the current commercial rate charged other tenants in the building. Every work station will have an automated data processing terminal and a new and much more cost effective telephone system to enhance every employee's use of data and voice communications respectively.

The plan for the Commission's hearing room is that it will, for the first time, have the capability, commensurate with the size of the agency's headquarters, of handling public and staff hearings and briefings in a way that other Federal Regulatory agencies do. Features include an adequate ventilation heating and air conditioning system, modern audio/visual equipment for briefings and presentations, etc.

SENATOR MIKULSKI: I understand that the agency will have offices for 5 commissioners. CPSC has only 3 commissioners at this time and it is highly unlikely there will be 5 commissioners any time in the near future. Is it true you plan to have 5 offices for commissioners and if so why?

ANSWER: Yes, at the time the space was planned there was uncertainty over whether there would be a major effort to return the Commission to its full complement. At the point it became clear that additional Commissioners were unlikely, the planning process had advanced to the point that to change the plans would have cost the agency thousands of dollars and significant delay in build-out and occupation. As a result, GSA advised the agency that it would be better to continue build-out as planned and if it became clear that there would not be five Commissioners, the space could be reconfigured to accommodate whatever use the agency desired. In the interim, it is the agency's intention to use this space as additional meeting and conference facilities.

POPULATIONS AT RISK

SENATOR MIKULSKI: How does the Commission focus its efforts on populations at risk, such as the elderly, disabled, and minority populations?

The National Association of Consumer Agency Administrators recommended that the Commission increase its attention to such groups, who are often the most vulnerable to dangerous products. What is your reaction to their proposals?

ANSWER: The Commission agrees with the National Association of Consumer Agency Administrators (NACAA) that attention must be given to vulnerable populations. The agency mission is to protect the public from unreasonable risks of injury and death associated with consumer products. The agency's broad hazard screening efforts assure protection of the public in general. The agency's injury analysis efforts ensure determination of exactly which populations are in fact vulnerable to a given hazardous product and that remedial strategies and I&E campaigns address the risks to those populations.

Although our approach may be somewhat different from that advocated by the NACAA, the result is the same: protection of populations at risk.

An example of this is the FY94 priority project "Home Electrical Systems Fires". A major goal of this project is to find ways to upgrade electrical wiring in older homes at a reasonable cost. The result will be to decrease the number of electrical fires occurring in older homes. This fire reduction project will actually protect children, the elderly, minorities, and low income consumers since these groups spend the most time in the home and/or tend to live in older homes.

There are two particular ways in which the Commission focuses on population at risk: hazard identification and reduction efforts, and information and education efforts.

Hazard identification and reduction efforts include analysis of major hazards and

hazard areas to determine how injuries occur. This analysis includes determining which populations are vulnerable to a particular hazard. For example, as a result of this process it was learned that the elderly are at higher risk of injury from fires, falls on stairs and landings, and riding mowers. This type of information is taken into account when remedial strategies are formulated so that the remedy will address the greatest number of injuries possible.

The second focus of Commission efforts is in information and education (I&E). When the injury analysis information shows that particular populations such as children, the elderly, low-income, or individuals with disabilities are disproportionately affected by a given hazard, information efforts are targeted towards those populations.

The Commission is expanding its I&E efforts in these areas. For example, by using more video news releases the agency reaches non-readers as well as increases the size of the audience in general. The agency also targets special segments of the general population such as new parents and non-English speaking groups.

VOLUNTARY AND MANDATORY STANDARDS

SENATOR MIKULSKI: Your budget indicates you will develop 30 voluntary standards and 7 mandatory standards in FY '94, a decrease from FY '93 of 11 voluntary and 4 mandatory standards. Why are the total number of standards under development decreasing.

ANSWER: The number of standards under development routinely fluctuates from year to year based on variables such as emerging hazards, petitions received, existing standards up for routine renewal or revision, and advances in technology. Historically the number of standards under development has increased from the time of budget submission to the time of budget implementation. It is anticipated that this will also occur in FY 1994 and thus the number of projects is probably understated. The planned development of voluntary and mandatory standards for FY 1994 will be updated as the agency becomes more aware of and involved in new hazards and other factors not envisioned at the time the budget was developed.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

QUESTION: As you know, I have followed the activities of the CPSC very carefully over the last several years. This agency is one of the smallest federal agencies in size, yet it is by no means small in importance. Each year, the 15,000 different kinds of consumer products within the Commission's jurisdiction are involved in an estimated 28.5 million injuries and 21,600 deaths, costing society \$150 billion. Under the leadership of the present Chairman, the agency is trying hard to accomplish its mission.

It is especially important that the agency have sufficient resources to effectively carry out its obligations to protect the public. Along with Senators Mikulski, Lieberman and many others, I have championed the cause of providing the CPSC adequate funding. While lack of federal dollars is a common complaint these days, if we shortchange agencies such as CPSC then we are shortchanging ourselves and our children.

The CPSC FY 94 Budget Request of \$42,286,000 is virtually unchanged from the FY93 budget. I am especially interested in knowing whether you are confident that you can do your job with these resources.

ANSWER: Yes, the Commission can do its job with the 1994 resources. The 1994 level provides a continuation of the Commission's current hazard reduction level. The 1994 level funds the inflationary price increases facing the Commission. The Commission can continue to improve its critical hazard screening area with the 1994 resources. The budget fully funds one priority project. The FTE's reduction contained in the 1994 budget is part of a government-wide deficit reduction effort. The proposed budget minimizes the effect of the reductions on program work.

As with any budget level there are constraints. The 1994 level provides little flexibility to meet any unanticipated major emerging hazard. The additional resources sought by the Commission to continue its automation program was not funded. The Commission will continue to seek such funding in the future. However, on balance, the 1994 resources do permit the Commission, with careful management, to pursue its important mission.

QUESTION: Since 1985, there have been over 400 deaths from drowning or asphyxiation when toddlers have fallen into five gallon buckets--nearly one child per week will die this year. The industry response has been shameful--only about 10 percent of five gallon buckets manufactures annually are voluntarily labeled. I have co-sponsored legislation to provide a mandatory Federal labeling standard. What is the agency doing to address this tragedy?

ANSWER: Prior to February 1992, CPSC staff developed a draft briefing package describing options for addressing the drowning hazard associated with five gallon buckets. However, when industry representatives expressed a willingness to work with the Commission staff to develop a consensus voluntary standard, the Commission recommended the organization of an ASTM subcommittee to develop a labeling standard and, if feasible, develop a performance standard. The ASTM Emergency Standard development process offered a means by which a labeling standard could be put in place in as little as a year's time. The Emergency Labeling standard for five gallon buckets is expected to be approved by ASTM some time in July, a little more than a year after the subcommittee first began its deliberation. The agency plans to support the subcommittee's work until it is all complete.

OFFICE OF CONSUMER AFFAIRS

QUESTIONS SUBMITTED BY SENATOR MIKULSKI

A. Private Sector Contributions for Consumer Handbook

1. Shortfall in Funding for Consumer Handbook. I note that last year, you had enough funding to produce only 600,000 copies of the Handbook -- whereas in the past you printed 800,000 copies/year.
 - Q. Did the amount you received from industry last year (\$66,500) meet USOCA's own goals? If not, why not?
 - A. The Director did not establish a specific goal. She did desire to prove that private sector contributions could make up a significant portion of the funding needs. In the first few months of the effort, \$111,500 was raised. Of that, \$45,000 was received after the printing order was sent to the Government Printing Office.
 - Q. How much in funding commitments have you received from industry for printing costs of the Handbook this year, and will it be enough to print an adequate supply of the Handbook?
 - A. Since the President has not yet named a Director, no funds for the Handbook have been solicited in FY'93. The \$45,000 received after the cut off in FY'92 will be used for printing and related costs in FY'93. No other commitments from private sector sources have been sought or received since the departure of the director.
2. Reduction in FY'93 Funds due to Health Task Force. HHS recently told you they planned to reduce your FY'93 budget by \$128,000 to help defray the costs of the Health Care Task Force. I understand these funds would come from printing of the Handbook. Wouldn't this have a devastating impact on the number of Handbooks you can print in FY'93.
 - A. It will most certainly have an impact on the number of Handbooks that can be printed in FY'93. In recent years, due to budgetary constraints, Federal contributions have been significantly reduced. Because so many Federal agency policy positions are still unfilled, USOCA has not begun to request funds for the new Handbook from other agencies. HHS is proposing to transfer \$128,000 from anticipated savings from the salaries of vacant political positions. Traditionally, USOCA has applied those funds to the cost of printing the Handbook. It was our intention to reallocate funds in our budget for the printing of the Handbook again this year.
3. Impact of no permanent director. Since you do not currently have a director, you are not currently soliciting contributions. What impact will this have on your ability to produce an adequate number of copies of the Handbook this year and maybe even next year? What is your "contingency plan?"

- A. If a new director is not on board with ample time to solicit funds prior to publication of the Handbook, then our ability to produce an adequate number will be greatly effected.

Our "contingency plan" is to proceed with a solicitation signed by the Acting Director to all member agencies of the Consumer Affairs Council in hopes that Federal entities will be able to provide contributions. Federal funds received from this effort and the remaining \$45,000 from private sector contributions will allow USOCA to edit and publish a new edition of the Handbook. The number of copies printed will be limited by the funds available. Efforts by a new Director to solicit from private sector sources will be used to increase the number of copies printed, either under the first printing order or a subsequent one.

4. Auto Industry Support. USOCA has received contributions from 9 sponsors. 7 of the 9 corporate sponsors are auto makers. Why is this?

- A. The Director made the decision that major national corporations which USOCA would approach would meet these general criteria:

--USOCA had had no direct interaction with the corporation in the last several years;

--USOCA was not involved in any way in any regulation or other policy effort affecting that company or its industry; and,

--USOCA could visit several companies in one trip in order to maximize use of travel funds.

In addition to these criteria, which automakers met, the Director believed that automakers were interested in insuring that consumers were able to find information on how to get their complaints handled quickly and efficiently.

5. Ensuring "Integrity" of Handbook. In getting industry to help foot the bill, how are you ensuring that there are "no strings attached" so that the Handbook's objectivity is not compromised?

- A. During the process of soliciting funds to print additional copies of the Handbook last year, no promises were made nor was there preferential treatment bestowed on any donor. It is customary, however, to acknowledge contributors in the publication. The reprinted Handbook lists all donors equally, with no regard given to the size of the contribution.

6. Agency Contributions. Are agencies contributing less than in the past now that you have the ability to get private sector contributions?

- A. Many agencies contributed less than in past years. However, this is due more to their own agency budgetary constraints rather than the USOCA gift authority.

B. New Director

1. When do you think the President will appoint a new director?

A. On March 11, 1993, Alexis Herman, Assistant to the President for Public Liaison, said that the policy decision on how to structure the office would be made in 30 to 45 days and the personnel decision shortly thereafter. We understand that the White House and the Department of Health and Human Services have interviewed a number of candidates. Since things seem to be on schedule, we would expect the appointment of a Director very shortly.

2. What is your reporting relationship with the White House in this new administration?

A. The line of report has not been specified to date. It is expected that this will be decided before the announcement of a new director. In the interim, USOCA has been reporting to whomever seems to have the portfolio for the issue on which I wish to report. We report to the Public Liaison office weekly on the activities of the office and have reported to the office of Domestic Policy on issues of special concern. Additionally, USOCA has been in contact with the Office of the Vice President and the Office of Science and Technology on technology issues.

C. Health Care Reform

1. What is USOCA doing to represent consumers as health care reform unfolds? What specifically is planned for FY'94?

A. In the absence of a Director or other Administration policy staff, USOCA has not participated directly with the Health Care Reform Task Force, although we have had discussions on some of the issues involved with consumer organization leaders who are participants. We also have communicated, both to the HHS Deputy Secretary Designate and the White House Director of Public Liaison, consumer concerns about the privacy of health records and the crucial importance of having accessible information for consumers on the specific effects on them of the Administration's health care proposals ready as soon as those proposals are made public.

On the latter point, we have also have reached preliminary agreement with the National Consumers League (NCL), the nation's oldest and one of its largest consumer organizations, to collaborate on a publication explaining the impact of Administration's health care reform proposals on consumers. Our intent is to publicize and distribute this publication as widely as possible, using all means available to us, including the Consumer Information Center. NCL and we believe we can enlist private sector cosponsorship to help with the costs of promotion and distribution of the publication.

D. Working with Federal Agencies

1. How does USOCA work with other agencies to improve federal agencies' responsiveness to consumers? What specifically has USOCA accomplished?

A. In addition to our biennial work with the agencies in organizing the Congressional EXPO's and updating the Consumer's Resource Handbook to help consumers get to the right place in the right agency, we have been working to improve Federal consumer hotlines. Following a Consumer Affairs Council Workshop on Hotline Management last spring, we organized a Federal Consumer Hotline Working Group which has met regularly since last November. To date the working group has had three meetings each attended by representatives of 12-13 agencies, with another scheduled next month.

Discussions have focused on:

- The basic foundations and available resources of the participating hotlines;
- Equipment and technology options and effectiveness;
- Sources of detailed information to improve referrals of misdirected calls; and,
- Human resources issues, e.g., training, dealing with burn-out, position descriptions, career tracks.

The working group's May meeting explored the use of hotlines for management information and policy input, i.e., whether data is collected, aggregated and analyzed to identify management needs and/or issues requiring policy formulations.

2. I noticed that USOCA produced several publications, distributed through CIC, including "Choosing a School." Was this produced by the Department of Education? How does USOCA determine whether to provide publications to the public, rather than having the relevant agencies through CIC do so?

A. We look at the importance of the information and whether we have an interest in increasing consumer accessibility to the information.

In the instance of "Choosing a School," this was produced by the Department of Education. They did not have the distribution money available to distribute what our Director at the time thought was a very valuable publication. We therefore provided distribution money for the effort.

CONSUMER INFORMATION CENTER

QUESTIONS SUBMITTED BY SENATOR MIKULSKI

HEALTH PUBLICATIONS

SENATOR MIKULSKI: Health publications are among your most popular publications. What is your opinion of the quality of information on health care issues distributed through CIC? Are all the important issues being covered, and if not, what is lacking?

ANSWER: Overall, the Federal government does a good job in developing a wide variety of well-written, up-to-date health publications for the general public. Because health care is such a broad issue, CIC works with dozens of Federal offices, from the Food and Drug Administration and the National Institutes of Health in the Department of Health and Human Services to the Food Safety and Inspection Service and the Human Nutrition Information Service of the U.S. Department of Agriculture. We also work with private sector companies, trade associations such as the Nonprescription Drug Manufacturers, and consumer organizations such as the National Consumers League.

About 40% of the publications listed in our Consumer Information Catalog are health-related, and health issues and concerns are always very popular with our audience. Among the important issues currently covered are general concerns such as the Dietary Guidelines for Americans and Getting the Lead Out, medical problems such as Diet, Nutrition and Cancer Prevention and Questions and Answers about Breast Lumps, drugs and health aids such as Buying Medicine? Help Protect Yourself Against Tampering, mental health problems such as Eating Disorders, and financial concerns such as Guide to Health Insurance for People with Medicare.

In the coming year, CIC will be working on publications on children's health, medication use by the elderly, AIDS, and heart attack and stroke.

HEALTH CARE REFORM

SENATOR MIKULSKI: Within the next few weeks, the President will announce his health care reform plan. The American public will be clamoring for information about what the President's plan will mean to their families. Do you think CIC should work with the Department of Health & Human Services to get a publication produced on health care reform and what it means to American families?

ANSWER: We also anticipate receipt of many inquiries from the public concerning the health care reform issue. Currently, we know of no plans at any agency to produce an information piece about this subject. The Consumer Information Center is eager to offer our services and assistance to whatever Federal agency is designated to be responsible for

implementing the President's health care plan. CIC works on an ongoing basis with a wide variety of Federal health care and health care finance offices, and we hope that the lead agency will take full advantage of our extensive editorial, marketing, media promotion, and fulfillment services. We will continue to encourage all of the appropriate agencies to coordinate the development and distribution of health care reform information through our distribution facility in Pueblo.

DISTRIBUTION OF THE CONSUMER INFORMATION CATALOG

SENATOR MIKULSKI: The Consumer Information Catalog is your primary tool for letting consumers know what information is available to them from the federal government. Effective distribution of the Catalog is vital. CIC plans to spend \$436,000 in FY 94 to print 16.5 million Catalogs. What are your most effective ways of getting the Catalog out to the public, and what new methods are you using to improve distribution even more?

ANSWER: The quarterly Consumer Information Catalog is the primary vehicle that CIC uses to inform the public about the Federal consumer information available from Pueblo, Colorado. The Catalogs are distributed through various established channels including:

- Bulk mailing list. This list consists of 38,000 individuals and organizations who agree to distribute a minimum of 25 Catalogs each quarter. The bulk list includes libraries; elementary through graduate school educators; local, state, and national consumer organizations; non-profit community organizations; credit unions; and Government offices with heavy visitor traffic. The bulk list is our most cost-effective way of distributing large amounts of the Catalog. In FY 1992, this outlet accounted for approximately 55% of Catalog distribution, or 9 million copies.
- Members of Congress. Each year, Members are offered an allotment of Catalogs for distribution to their constituents. In addition to district mailings, Members of Congress use the Catalogs to assist constituents who contact them, and for distribution through district offices, at town meetings, and county and State fairs. CIC finds this to be a valuable distribution outlet. It is an effective means to wide geographic and socio-economic distribution and reaches consumers we might not otherwise reach. Also, since Congressional offices pay for mailing costs, it is a cost-effective program for CIC. In FY 1992, CIC distributed about 2.9 million copies through Members of Congress.
- Processed orders from Pueblo. CIC includes a current Catalog with all outgoing publication orders from the Pueblo distribution facility. During FY 1992, more than 2.1 million Catalogs were distributed in this manner.

- Other direct mailings to consumers. During FY 1992, approximately 2.5 million Catalogs, were distributed to individuals through various outreach efforts and requests received as a result of media and marketing promotions.

Two effective ways CIC has been using recently to distribute more Catalogs are through the use of second addresses and our insert promotion program. The second addresses are basically an in-house customer list. When orders are processed at our Pueblo distribution facility, we retain any usable address label from the order. These are keystroked to tape and these individuals are sent a new Catalog approximately 6 months after their order. Response has been very strong. CIC has also launched an aggressive effort to insert promotional materials in regular government mailings. For example, we work closely with the Department of Veterans Affairs to include inserts with checks being sent to program beneficiaries. We have also worked closely with the Internal Revenue Service to include inserts in packages of supplemental tax information and a portion of the tax refund checks. These insert promotions usually promote the Catalog along with some sample publications. This way consumers can see the quality of information available before using the Catalog. Response to these offers has been good. During FY 1992, approximately 2.5 million Catalogs were distributed to consumers through these direct mail promotions.

POSTAGE

SENATOR MIKULSKI: In February 1991, the U.S. Postal Service increased postal rates nationwide for all classes of mail. Your budget for postal costs is \$51,000, an increase of \$5,000 in FY 94 (10%).

—Since postal costs are passed on to the federal agencies which produce the various CIC publications, are agencies becoming less willing to participate in the CIC program due to increased costs?

—What strategies do you use to keep postal costs down, and what impact will the \$5,000 increase in FY 94 have?

ANSWER: There are two areas of postage costs in the CIC budget. The first covers postage costs for the day-to-day operational mailings for CIC's Washington, DC headquarters staff. This amount (which is \$51,000 in CIC's FY 1994 budget request) is determined by the General Services Administration based on samples of CIC's mail usage increased by inflation factors provided by OMB. The \$5,000 increase in this amount will not have a significant impact on CIC operations.

The second area involves postage costs billed to customer agencies as a result of distributing their publications. In fiscal years 1991 and 1992,

postage accounted for almost 40% (38.5% actual) of distribution costs. During the first half of fiscal year 1993, postage is running about 35% of total costs. Based on our estimate of a 42 cent unit cost in fiscal year 1993, postage costs would average about 15 cents per publication.

We have been able to keep postage costs at a stable level by using a variety of strategies including multiple publication packages. We regularly advertise groups of publications through our information releases to the media, and through our direct mail promotions. For example, when VA beneficiaries responded to our FY 1992 check insert, they received a packet of three publications. We also provided a packet of three publications to consumers responding to the direct mail promotion that we did with the Medical Cost Containment Company (Medco). Advertising multiple publication packets reduces unit costs because postage is spread over a larger number of publications.

CIC constantly tries to keep postage costs down. For example:

1. We presort our outgoing mail in order to qualify for the 3rd class bulk postage rate.
2. Meters are used to determine not only the cheapest U.S. postal rate but also to determine whether United Parcel Service is a less expensive means of shipment.
3. We work with customer agencies to reduce the weight of their publications which reduces mailing costs.

We realize how important it is to keep our unit costs down in order to maximize agency participation. Most agencies have limited budget resources for publication distribution. The lower we can keep costs, the greater the number of publications we are able to distribute. Agencies are aware that CIC provides excellent service at a very competitive price.

DISTRIBUTION COSTS

SENATOR MIKULSKI: You are estimating \$3.6 million for publication distribution costs in FY 94, an increase of \$200,000 over the current projection for FY 93. I know that postal rates are going up, but what else accounts for this projected 6% increase?

ANSWER: This amount is paid in full by those Federal agencies distributing publications without charge to consumers. Agencies that distribute publications free through CIC must cover the postage and handling costs incurred by the Government Printing Office (GPO) facility in Pueblo, Colorado. GPO bills CIC for these costs; CIC then collects these monies from participating agencies and reimburses GPO. These amounts

"pass through" the CIC Fund, in a sense, since the agency payments reimburse the Fund for the amounts paid out to GPO.

The \$3.6 million estimate for FY 1994 was made during the annual review process of June, 1992. Anticipated costs were calculated taking into account projected publication distribution levels and estimated order fulfillment charges at the Government Printing Office's facility in Pueblo, Colorado. In addition to some allowance for increasing postage costs, there was inflation included in this estimate to allow for modest increases in the cost of labor and materials. The June, 1992 review projected unit costs of 42 cents in FY 1993, and 44 cents in FY 1994. This calculation will be re-evaluated during the FY 1993 review process which is currently underway. As an integral part of the FY 1993 review process, distribution levels and costs for FY 1993 and FY 1994 will be reviewed and the cost estimates adjusted if necessary. We will be estimating costs for FY 1995 as well.

LIMITATION ON REVOLVING FUND

SENATOR MIKULSKI: You are requesting a \$7,500,000 limitation on appropriations, revenues, and collections accruing to the CIC Fund in FY 94, yet you project only \$6,795,000 in actual sources of funding. What accounts for the \$706,000 difference?

ANSWER: The requested FY 1994 limitation exceeds projected obligations as well as actual sources of funding in order to allow for potential growth in publication development and distribution. Any resulting growth in distribution costs incurred by CIC would be reimbursed by Federal agencies and the private sector, thereby increasing the actual funding amounts toward the limitation level. With the new Administration in place, we believe it is prudent to have this flexibility in our publication distribution program. A prime example of a potential publication would be the development of information on reform of the nation's health care system that was discussed during the Subcommittee's FY 1994 hearings.

EVALUATING CONSUMER PUBLICATIONS

SENATOR MIKULSKI: One of the responsibilities of CIC's agency liaison officers is to help agencies evaluate the public's response to publications. Describe how they perform this vital role, how publications are selected for evaluation, and how this information is used to improve the quality of consumer information.

ANSWER: CIC agency liaison officers conduct publication evaluation surveys as a service to agencies interested in getting feedback on the public's response to a publication with the goal of making that information as useful as possible to the public. Publication evaluation surveys are

either suggested by CIC or done at agency request, when there is a strong agency commitment to using the research results to improve future publications for consumers.

We ask standard questions about clarity, readability, and usefulness, and obtain demographic information about the readers. Agencies add specific questions appropriate to their program concerns. CIC sends surveys out with 1,500 outgoing orders for the publication. The responses give an excellent overall picture of whether the booklet is meeting consumer needs and being understood. This information is provided to the publishing agencies and to any industry co-sponsors for their use in better understanding the needs of their "clients" and improving the style and content of future publications. CIC conducted four surveys in FY 1992 and a publication evaluation survey of Alzheimer's Disease is currently underway.

USER FEES

SENATOR MIKULSKI: CIC charges consumers a \$1 fee when they order free publications from the Consumer Information Catalog. Your budget indicates that user fees totalled \$413,419 in FY 92, an increase of 26% over FY 91. What accounts for this increase, particularly since the fee has not increased?

ANSWER: This increase is the result of 1) changing to a flat \$1 user fee structure in the Fall 1990 Catalog and 2) a very successful year in the number of Catalog order blank orders received. In the Fall 1990 edition of the Catalog, the user fee was changed to require \$1 from everyone ordering any free publications using the Catalog order blank. Prior to that, persons ordering only one free publication were not required to pay the \$1. This change had several beneficial effects. Revenue per order jumped 26%, the average number of publications requested per order increased 23% from 13 to 16 and customer compliance with the fee instructions rose to 98%. Not only were there no drop in orders from the Catalog, they actually increased due to success in finding and reaching new markets through CIC promotions and marketing. CIC is hopeful of repeating the FY 1992 distribution level of 11.6 million publications in FY 1993.

NEIGHBORHOOD REINVESTMENT CORPORATION

STATEMENT OF GEORGE KNIGHT, EXECUTIVE DIRECTOR

ACCOMPANIED BY:

NATHANIEL GRANT, DIRECTOR, HUMAN RESOURCES TRAINING

FRANCISCO CASTELLANOS, DIRECTOR, FIELD OPERATIONS

ROY T. DAVIS, DIRECTOR, FINANCE, PROGRAM REVIEW AND ICC

HUBERT GUEST, DEPUTY EXECUTIVE DIRECTOR

MARY LEE WIDENER, PRESIDENT, NEIGHBORHOOD HOUSING
SERVICES OF AMERICA

BUDGET REQUEST

Senator MIKULSKI. Next, we want to welcome Mr. George Knight, the Executive Director of the Neighborhood Reinvestment Corporation. The President has requested about \$28 million for the Neighborhood Reinvestment Corporation. This is a freeze at the fiscal 1993 appropriations level. I want to say at the outset that I believe, Mr. Knight, that Neighborhood Reinvestment has come a long way under your directorship and we think you provide a lot of value for this \$28 million.

We will wait until everybody gets settled here.

Mr. Knight, I know that you come with able and articulate fortification. I note that some Baltimore people are here. We see Mike Braswell, the director of the Baltimore NHS over there in his yellow power tie. He does not usually look that way in the neighborhood. He is all gussied up over there today. Then we have Joyce Leviton from the city of Baltimore, a long-time partner of NHS who sits on the NeighborWorks® Advisory Council, and she is one of the Baltimore people who really have made our city hum in the past.

Why do you not go ahead with your testimony. As you know we are trying to move at a brisk pace today. Again, normally you would have gotten your own hearing, but we think better your own money than your own hearing. We will have a lot of questions for the record. Please go ahead.

STATEMENT SUMMARY

Mr. KNIGHT. Thank you, Madam Chair, and members of the committee. Thank you for your support of the Neighborhood Reinvestment Corporation. In 1994 we propose to create or affiliate with five new local organizations. Second, to provide technical assistance to the 188 NeighborWorks® organizations scattered across 151 cities. Third, provide 1,800 participants with at least 20 hours of formal training. Fourth, support the secondary market operated by Neighborhood Housing Services of America. And fifth, monitor the NeighborWorks® network to ensure that programmatic and finan-

cial standards of performance are achieved to the degree that serves the public interest.

Senator MIKULSKI. I think the Architect of the Capitol finally heard me. Can you hear the oxygen kind of pouring in? Take a deep breath and pull the microphone closer.

Mr. KNIGHT. In 1992, community development lending and equity investment originated by NeighborWorks® organizations' revolving loan funds grew by 17 percent to \$26 million. Additionally, NeighborWorks® organizations channel resources and coordinate them from conventional and public lenders, insurers, and local capital improvement programs. This category of reinvestment grew dramatically in 1992, up 38 percent to \$171.8 million from 1991.

A similar level of growth was achieved by Neighborhood Housing Services of America [NHSA]. They expanded their loan purchases and originations from \$9 million to nearly \$17.5 million.

Immediately following the disturbances, the Los Angeles Neighborhood Housing Services [NHS], organized residents and board members, staff, and community private-sector partners to lead the cleanup. They hit the streets with brooms and shovels, leading the effort to remove debris and graffiti. Neighborhood Reinvestment provided an emergency grant and NHSA offered its resources on an emergency basis for the purchase of loans. Through the efforts of the NHS, a neighborhood produce market that was destroyed will soon be open. The owner's insurance and commercial loan credit was not sufficient to cover the rebuilding, so the Los Angeles NHS made the loan.

While NeighborWorks® organizations may have particular expertise in housing, a comprehensive approach often involves economic development, anticrime strategies, and social services. In collaboration with the Surdna Foundation, the Corporation channeled planning grants to six organizations to prepare comprehensive, collaborative approaches to neighborhood revitalization.

In 1992, the Corporation received an additional \$5 million appropriation for equity and capital grants to NeighborWorks® organizations. Thank you very much. The impact has been both physical—2,600 units with a total project cost of \$142 million—and organizational.

We feel heartened by the recent upsurge in public interest in national service and feel that the community development field is a natural place for service opportunities, as is demonstrated through the current involvement of NeighborWorks® organizations in VISTA and Youth Build.

Continuing progress in fiscal year 1994 hinges on three key priorities: capacity building for NeighborWorks® organizations, the growth of homeownership and mutual housing efforts, and the strategic use of capital.

I want to thank you for your attention, support, and encouragement.

[The statement follows:]

STATEMENT OF GEORGE KNIGHT

Madame Chair and Members of the Committee, thank you for the support you have expressed in the Neighborhood Reinvestment Corporation and the Neighborworks network. I am pleased to present the Corporation's request for fiscal year 1994 for \$27,976,000.

FY 1994 PROPOSED ACTIVITY

Neighborhood Reinvestment achieves its mission of renewing neglected neighborhoods by creating nonprofit, community-based, resident-led, private-public partnership organizations and supporting these organizations with training, technical assistance and the operation of a secondary market for "unbankable" loans. In fiscal year 1994 Neighborhood Reinvestment proposes to:

(1) Create and/or affiliate with five additional local organizations whose mission and operations match the overall mission of the NeighborWorks® network.

(2) Provide technical assistance to 188 Neighborworks organizations serving 151 cities, towns and rural areas. In fiscal year 1992, this network assisted nearly 6,600 families to retain or secure affordable home-ownership or mutual housing.

(3) Provide 1,800 participants—residents and community leaders from within the Neighborworks network as well as people from throughout the community development field—with at least 20 hours each of formal training.

(4) Support the secondary market operated by Neighborhood Housing Services of America (NHSa). In fiscal year 1992, the secondary market operation purchased or originated \$17.5 million in loans for under-served families and communities.

(5) Monitor the NeighborWorks® network to ensure that programmatic and financial standards of performance are achieved to a degree that serves well the public's interest.

FY 1992 ACCOMPLISHMENTS AND IMPACT

During fiscal year 1992, the NeighborWorks® network produced an increased impact in the 350 neighborhoods served. While each NeighborWorks® organization tailors its strategies to specific neighborhood needs, most NeighborWorks® organizations rely on well-proven approaches to produce affordable housing and revitalize their target neighborhoods. The key approaches and tools used in the NeighborWorks® network include:

- Coordination and strategic channeling of conventional and public resources, including lending products, insurance products and grant programs (used by 100 percent of programs).
- Revolving loan funds, locally capitalized and administered, to serve those who could not obtain credit from the conventional marketplace (used by 90 percent of the organizations).
- Coordination of volunteer efforts in clean up/fix up days and projects (used by 63 percent of programs).
- Working with local merchants and businesses to improve the commercial vitality of their neighborhoods (used by 48 percent of programs).
- Providing job training and youth employment activities (used by 24 percent of programs).
- Other approaches include leadership training, property management training, resolving zoning issues, lead poison prevention programs and anti-crime organization.

Community development lending and equity investments.—Community development lending and equity investment originated from NeighborWorks® revolving loan funds grew by 17 percent to \$26.3 million in fiscal year 1992. The Corporation expects this lending to reach an annual level of \$28 million by the close of fiscal year 1994. An additional \$19 million in loans was originated from pooled capital of private-sector lenders.

The attached matrix, "Sampling of Community Development Financial Institutions," outlines the impact of this type of community development lending and shows the NeighborWorks® lending system in comparison to other community development lenders.

Reinvestment from conventional and public sources.—NeighborWorks® organizations coordinate and strategically channel resources from conventional and public lenders, insurers, and local capital improvement programs. This category of reinvestment grew dramatically in FY 1992, up 38 percent to \$171.8 million from the fiscal year 1991 total. Neighborhood Reinvestment expects continued growth in this area in fiscal year 1994, though not at fiscal year 1992's pace.

Mutual housing associations.—The number of units owned by Mutual Housing Associations in the NeighborWorks® network grew from less than 1,200 units at the end of fiscal year 1991 to nearly 1,900 units at the end of fiscal year 1992. Projections indicate a continued rapid expansion of the mutual housing stock to nearly 3,800 units by the end of fiscal year 1994. Much of this growth will come from the acquisition of housing by existing Associations in the NeighborWorks® network.

NHSA secondary market.—A similar level of growth was demonstrated by the secondary market operated by NHSA. By combining Neighborhood Reinvestment's cap-

ital grant with Affordable Housing Program funds available through the Federal Home Loan Bank of San Francisco and private-sector mortgage capital from World Savings Bank, NHSA expanded its loan purchases and originations from less than \$9 million in fiscal year 1991 to nearly \$17.5 million in fiscal year 1992. While this growth will continue to an estimated \$22 million in fiscal year 1993, the projection for fiscal year 1994 is uncertain, as the Affordable Housing Program funds, which are competitive, may not be captured by NHSA.

Housing and community development training.—During fiscal year 1992, the Corporation opened its training programs to people outside of the NeighborWorks® network. The response has been overwhelming. The 40 percent increase in participation in fiscal year 1992 validated both the need for and quality of the Corporation's training. The high participant rates are continuing in fiscal year 1993 and the pace should continue in fiscal year 1994.

The goal of training is to teach basic skills and to anticipate the needs of the field. For example, recognizing that many community-based development organizations own and manage multifamily rental properties, Neighborhood Reinvestment, along with the Enterprise Foundation and the Institute for Real Estate Management (IREM) of the National Association of Realtors, has created a five-day course, "Housing Management Training for Non-Profits." Every Neighborhood Reinvestment Training Institute includes the course. At the end of the course, IREM conducts an exam for "resident-manager certification."

All of this work can be reported statistically. But the numbers only reflect limited aspects of the impact of a NeighborWorks® organization. Creating stable environments where families can be raised, children can go safely to quality schools, adults have access to jobs and amenities such as grocery stores within reasonable distances, and all residents participate in the civic life of their community, is much more difficult to capture in statistics. However, much of the work to revitalize communities depends on the commitment and hope of those who live there.

PARTNERSHIP AND COLLABORATION

In 1992, the continuing quiet crisis of deteriorating neighborhoods with a lack of affordable housing was highlighted by two dramatic incidents. Times of crisis point out two of the key values of the NeighborWorks® network organizations' daily operations: close knowledge of the local community and the ability to generate an immediate, targeted response.

Nearly a year ago, South Central Los Angeles erupted in violence following the Rodney King verdict. Several neighborhoods served by the Inglewood Neighborhood Housing Services and the Los Angeles Neighborhood Housing Services were in the midst of the crisis, with many blocks and properties severely damaged. Immediately following the disturbances, the Los Angeles NHS organized residents, board, staff and private-sector partners into clean-up teams which hit the streets with brooms and shovels, leading the effort to remove debris and graffiti.

Neighborhood Reinvestment provided an emergency grant and NHSA offered its resources on an emergency basis for the purchase of loans made by the Los Angeles NHS. Within days, the Los Angeles NHS was working with clients. Today, construction has begun on one of the 10 blocks identified by residents as a priority, and a neighborhood produce market that was destroyed will soon open on this block. The owner's insurance and commercial loan credit was not sufficient to cover the rebuilding, so the Los Angeles NHS provided a loan to fill the gap.

Greg Franks, a resident and NHS Board member said, "Most people in this neighborhood are long-term homeowners. We have a culturally diverse block and in helping our neighborhoods, we can also help ourselves."

Just a few months after the LA disturbances, Hurricane Andrew swept through southern Dade County in Florida. The Miami-Dade Neighborhood Housing Services target area was damaged, but southern Dade County was devastated.

The Miami-Dade NHS immediately linked up with a local community-based organization to create a lending program for residents of the southern Dade County area. Neighborhood Reinvestment provided an emergency grant and enlisted the help of longtime private-sector partners for additional funding. Currently, the Corporation is working on attracting a \$5 million investment in NHSA's secondary market. These funds would enable the purchase of below-market-rate loans made to southern Dade County families whose insurance was not enough to cover rebuilding and provide loans to new homeowners. The latter is crucial to the stability of the community, as approximately 25 percent of the residents have left or have indicated they are planning to leave.

Not all crises are as dramatic, but they are nonetheless as real. In dozens of cities, NeighborWorks® organizations have been struggling with multiple chal-

lenges. While a NeighborWorks® organization may have particular expertise in housing, to renew a neighborhood requires a comprehensive approach often involving economic development, anti-crime strategies and social services: In collaboration with the Surdna Foundation, the Corporation channeled planning grants to six organizations to prepare comprehensive, collaborative approaches to neighborhood revitalization. Three locations—Beloit, Wisconsin; South Bend, Indiana, and Dimmit County, Texas—have been chosen for three-year implementation grants totaling \$600,000. This is a critical step in helping community organizations learn to apply the comprehensive approach essential to neighborhood revitalization.

UPDATE ON FISCAL YEAR 1992 SPECIAL EFFORTS

Equity capital.—In fiscal year 1992, Congress provided the Corporation an additional \$5 million appropriation for equity and capital grants to NeighborWorks® organizations. In accordance with the legislation, the Corporation receives these funds on a quarterly basis through the first quarter of fiscal year 1994.

The demand for these resources has been tremendous. Initial requests were narrowed to \$11 million and, after detailed review, the final \$5 million in commitments was determined. The impact is both physical (2,600 units with total project cost of \$142 million) and organizational. With the assurance of equity funds, local NeighborWorks® organizations have been able to take on a wide variety of projects:

- In rural Dimmit County, Texas, an equity capital grant of \$150,000 leveraged an additional \$480,000 to implement a new construction home-ownership project. The project features the construction of 20 single-family detached units for lower-income home buyers.
- In New Haven, Connecticut, the NHS is using an \$85,000 equity capital grant to provide cost write-downs and or downpayment/closing cost assistance to low- and moderate-income home buyers. The targeted properties are abandoned tax-distressed and bank-foreclosed houses. Total project cost is estimated at \$3.5 million. The program is expected to provide assistance to 35 families.
- The Kalamazoo NHS used its \$80,000 equity capital grant to create new home-ownership opportunities. The grant became part of a \$750,000 second mortgage fund that will leverage \$5 million in first-mortgage dollars. The program will create 150 to 175 new homeowners.

These resources have made a real difference. Because the NeighborWorks® organizations are confident that the equity funds are forthcoming, they can confidently leverage additional resources. Neighborhood Reinvestment's ability to commit early and provide the funds on an as-needed basis has resulted in a prudent use of resources on a multi-year basis. The Corporation thanks the Committee and the Congress for the opportunity to demonstrate this impact.

Community development leadership project.—Beginning in fiscal year 1992, and with further encouragement in the fiscal year 1993 Appropriations conference report, the Corporation has been focusing on the long-term issue of meeting the ongoing leadership needs of the community development field. Neighborhood Reinvestment staff are heartened by the recent upsurge in public interest in national service and feel that the community development field is a natural place for service opportunities—as is demonstrated through the current involvement of NeighborWorks® organizations with VISTA and Youth Build.

The Corporation's challenge is to help create a stable corps of community development workers for locally based nonprofit organizations. Toward that end, Neighborhood Reinvestment, along with six other national organizations, is creating a national pension plan. The details are at the final stages, and an announcement about the plan is expected in late April. This plan will encourage boards of directors to consider pension as a benefit (currently, only 30 percent of community-based development organizations offer employer-contributed pension plans) as well as afford a measure of portability as an individual moves from organization to organization.

With the Development Training Institute, Neighborhood Reinvestment has entered into a collaboration to draft a blueprint for human resource development for the community development field over the next five years. The components will include some specifically designed training and directions for human resource development in the areas of recruitment, retention, training and benefits. This work, along with the Corporation's special project in documenting successful human resource intervention strategies, will help lay the groundwork for the strengthening of the community development field.

CONCLUSION

The Corporation looks forward to fiscal year 1994 with high expectations of a stronger and more effective NeighborWorks® network. The challenge of continuing

to "grow" the activities locally is encouraged by the growing interest in community development lending, and new forms of partnership between local financial institutions and NeighborWorks® organizations are emerging each month. Continued progress in fiscal year 1994 hinges on three key priorities: capacity-building for NeighborWorks® organizations, the growth of home-ownership and Mutual Housing Association efforts, and strategic use of capital.

Capacity building.—The Corporation will enhance NeighborWorks® organizations' program capacity and stability by recruiting, training and retaining local community development leadership and increasing resource development activities for local program operating costs.

Homeownership and Mutual Housing Association efforts.—Organizations such as the Milwaukee Neighborhood Housing Services, which moved from assisting less than 10 families a year to helping over 50 families a year become homeowners, including seven from public housing, are expanding their commitment to home ownership as a vehicle for community revitalization.

Leading this commitment is a five-year effort to create 10,000 new homeowners among very low- and low-income families. This home-ownership initiative will require \$650,000,000 in credit and provide a great number of jobs in home rehabilitation.

The Mutual Housing Association approach is expected to grow not only in terms of units but in degrees of self-sufficiency. As individual Associations have achieved a level of financial security, they have begun to offer social services that are critical to engendering healthy, renewed communities. Encouraging that trend is best done by assisting each Association to achieve a size allowing for independence. Currently, 89 percent of the occupants of mutual units are at low- or very low-income levels, with on-going rental assistance not required.

In order to support the home-ownership and mutual housing efforts, the Corporation will work to expand capacity in NHSA's secondary market, particularly in the areas of multifamily housing and first and second mortgages.

Strategic use of capital.—The Corporation will help the NeighborWorks® network to aggressively attract and use private- and public-sector capital, including HOME and Community Development Block Grant funds, pooled conventional lender funds, and the special equity grant funds.

These priority activities will test the Corporation's ability to provide the training, enhance the network's financing system through NHSA, and find the equity capital to ensure strong balance sheets of the existing organizations. However, I have every confidence that those who take on the challenge of producing affordable housing and safe, stable neighborhoods—the more than 3,000 volunteer board members, 1,000 NeighborWorks® organization staff members, and the Board and staff of Neighborhood Reinvestment—are equal to the task.

Thank you for your attention, support and encouragement.

[CLERK'S NOTE.—A document entitled "Sampling of Community Development Financial Institutions" was unsuitable for printing and is being retained in the subcommittee files.]

BUDGET CONCERNS

Senator MIKULSKI. Thank you, Mr. Knight, and know that we would like to be able to expand your funding; a lot of this depends on our allocation. We know that the President's budget was done in a hurry and I do not think they realized the value we have gotten for our money, and that this is so much in keeping with the Clinton-Gore philosophy of grassroots organizing, working with nonprofits, and the empowerment of people rather than the bloating of a bureaucracy. So we do not quite know—we do not have our 602(b) right now. I would have heard about it, but we do know what is going on in the House.

So I would like to really see where we stand with some of these issues and then know that we are getting our value.

GAO REVIEW OF NRC GROUPS

We would like to go to the question of the health of some of Neighborhood Reinvestment's local organizations. GAO reviewed some of the Neighborhood Reinvestment's groups last year. They found that one-third of your groups were vulnerable or very vulnerable to major organizational problems and disruption. You say in your budget that it has improved. Could you tell us what are the core issues involved there, what does it take in order to reduce those situations, and do you have the resources to provide the technical assistance to bring that about?

Mr. KNIGHT. As you know, Neighborhood Reinvestment began a risk-monitoring process a couple of years ago. We have 25 percent of local programs with budgets between \$17,000 and \$92,000. So that in and of itself sets a challenge. These programs are always just one contribution away, one small mistake away from vulnerability.

We have moved from about one-third which were vulnerable in 1991 to about one-quarter in 1992. I think those numbers may come down some, but frankly there will always remain a certain percentage vulnerable because of the small budget resources that are available at the local level. Neighborhood Reinvestment has provided technical and equity grants that help stabilize the programs in the long run, but by operating in small communities with small budgets there will continue to be a percentage of risk for these programs.

Weak boards and weak directors are the principal reason for poor decisionmaking.

MEMBERSHIP CHARTERING PROCESS

Senator MIKULSKI. I want to come back to that. You say in your budget you are beginning a membership chartering process in 1993. What does that mean and how will it help you reduce the number of these vulnerable groups?

Mr. KNIGHT. We will offer the service mark, NeighborWorks® to the public so that investors, consumers, customers will know that an organization using the mark meets certain standards. This will go a long way to strengthening organizations. Through the chartering process, we will ask every organization that we have been affiliated with to meet certain standards within a designated time period. Those that cannot meet those standards will not receive the service mark.

Senator MIKULSKI. Now, understand, I think that is a good approach, but I would also show standards to be achieved and that, therefore, can be mobilized.

Mr. KNIGHT. That is correct. And those standards, frankly, have to vary from programs the size of Baltimore's operation down to a small two-person staffed organization like the one I was with yesterday in Camden, NJ. The standards have to be adjusted to size.

Senator MIKULSKI. Do you have kind of a vulnerable list watch that you keep to be able to do early intervention?

Mr. KNIGHT. Yes; that is exactly the purpose, Madam Chair, of the risk assessment approach. Roy Davis, to my right, runs this

process. It is an interorganizational committee that quarterly reviews every organization and ranks each organization.

Senator MIKULSKI. Did you want to comment, sir?

Mr. DAVIS. On a quarterly basis we review each—

Senator MIKULSKI. Just be clear, my questions are not—this is not a bash the poor. We often ask the poor to do things as citizen volunteers that tycoons are paid pretty lavish salaries to do full time if it were in the private sector. So I am clear about that, you know.

What we are looking at is what resources we can provide these tremendously motivated self-help organizations with the technical assistance. Do you want to go ahead?

Mr. DAVIS. Well, we provide them with the technical assistance and the training, but one of the things they really need is the operating income, operating revenue.

Senator MIKULSKI. The operating capital.

Mr. DAVIS. If they can increase their budget so that they can—

Senator MIKULSKI. What are their general sources of revenues, Mr. Davis?

Mr. DAVIS. Mainly from government, local government and the finance community.

Senator MIKULSKI. So CDBG is an important tool?

Mr. DAVIS. Yes; it is.

Senator MIKULSKI. Or the stimulus package going down. That would have been a great help to these kinds of groups, would it not?

Mr. DAVIS. Yes; it would have been.

Senator MIKULSKI. The reason I bring this up is that when people step forward in neighborhoods and take leadership and ownership, you do not want them to fail. You do not want to prop up anybody artificially. That is just one more setback, one more heart-break. And it is so demoralizing it is hard to then get the juices going again to do it again. Am I right?

Mr. DAVIS. You are right.

Mr. KNIGHT. Yes.

Mr. DAVIS. We find that one of the major problems is when there is a lack of resources you get a lack of effort by the local organization. When they are demoralized and cannot get the resources they have a tendency to not meet as often, the oversight gets shaky, the board seems to lose interest.

Senator MIKULSKI. In other words the less the resources, the less the motivation. The less the motivation, the less able to get the resources, or utilize the resources.

Mr. DAVIS. That is right.

Mr. KNIGHT. That is right.

Senator MIKULSKI. So it starts the downward spiral.

Mr. KNIGHT. They are resources to make changes in the neighborhood, to allow someone to purchase or rehab a house.

Senator MIKULSKI. I understand; That is right. It is what Matilda Covell did in Baltimore and others continue to do every day that Mike and Joyce and all are talking about. Then let me leap ahead, because often it is the organizer working with the NHS, and you and I have talked for some time about nonprofit capacity building, not only the way Mr. Davis and others have articulated but

the ability to recruit and retain individuals who really know how to do nonprofit housing.

That it is a career itself, it is not some kid graduating from college who wants to run around and help the poor, wear jeans, and then go back and pick up in the family business. I mean, volunteerism has its way, but we are talking about real organizers who know how to organize people, build the capacity of the board, and garner the resources.

MINORITY RECRUITMENT

Where are we on—the subcommittee provided Neighborhood Reinvestment with one-quarter of a million dollars last year to help design strategies, to help recruit and retain high-quality individuals in the nonprofit housing, and also know that this is often the incubator for people of color and women to be able to get into these fields when large financial institutions would not give them the time of day to come into housing refinancing.

Mr. KNIGHT. We appreciate the subcommittee's encouragement of these efforts. We have entered into a collaborative agreement with the Development Training Institute, and look forward to having a blueprint dealing with the areas of recruitment and retention, compensation, benefits, career development, and education, probably by early fall.

On your point of retention, I would like to share with you that working with a group of other national organizations over the last 18 months, we just have announced as a collaboration a pension plan that is available to all organizations in the community development field, serving both the very small, two-person organization right on up to the larger organizations. We think that we have 2 or 3 years of very hard work selling this, showing it, helping local boards raise the extra \$2,000, \$3,000, \$5,000 that is necessary. We think this is a significant breakthrough for the entire community development field.

Senator MIKULSKI. This is exactly what we hoped would occur. And also what is so great about your plan is that it is organizationally portable, so if someone works for NeighborWorks® or an NHS in Baltimore, but then moved to do rural work on the Eastern Shore, they could do that, as well as go and, perhaps, undertake some innovative project on the border that La Raza has developed. Am I right?

Mr. KNIGHT. Yes; absolutely. That was a key criteria.

Senator MIKULSKI. Not that they float around, but they stay in the field. Some people have expertise in helping organizations start up, that is their forte. Others would take a group and stay there for 10 years. This gives the option. Is this right?

Mr. KNIGHT. That is correct. That was exactly the objective. This allows the jean-wearing young person, as you referred to it, to move on to Cheenos and eventually a suit as they move up and head larger organizations.

Senator MIKULSKI. Or a skirt and pierced earrings. [Laughter.]

Mr. KNIGHT. Or a skirt.

Senator MIKULSKI. That is OK. He is doing all right. Well then, first of all know that we think you are on the right track. We would also hope that the Clinton health insurance plan recognizes

the nonprofit sector, particularly the nonprofit sector that is based not in kind of the large United Way groups, though we have to be concerned about them, they are core to what we want to do, but also to groups like this.

And when the Clinton plan comes out, we would like to hear from your organization on what they think this means, because if organizers could have access to a pension plan that is reliable and portable, and health insurance that is reliable and portable, it would go a long way in retaining those people that, before they put the suit on, that they would keep their private sector skills. There are some who come with dazzling private-sector skills who would like to undertake a nonprofit.

Mr. KNIGHT. I am very encouraged. I did not realize how far that was reaching. That was the one area, frankly, Madam Chair, that the consortium was not able to address. We could not see a technical way through it. So that is really exciting.

Senator MIKULSKI. Well, we do not know if it will work. In other words we do not know if they have thought about you either. But I have thought about you. So when the President presents his plan we would like your committee—

Mr. KNIGHT. Yes; you will have it.

Senator MIKULSKI [continuing]. To try to get a picture of what that would mean for the nonprofits, plus or minus or doubts, because again, this would have tremendous impact. We are going to be asking the United Way, and so on, because we continue to forget about the third sector in our society and it is uniquely American. We have the private sector, we have the public sector, and then we have the nonprofit sector which combines, I think, the best of both. So we are looking to make sure that whatever we do we keep an eye on it.

IMPACT OF NATIONAL SERVICE ON NRC

Which then takes me to national service. The President's national service proposal offers opportunity for Federal agencies to develop innovative programs. What plans and thoughts have you had, presuming national service passes as it has been presented by the President to us, and also you know the way the National Commission, of which I am one of the founding mothers, or the founding mother, has operated. What would that mean to your work and what thoughts do you have in it?

Mr. KNIGHT. We are extremely excited about this. As you well know, the community development field grew up through church volunteers and VISTA volunteers and returning Peace Corps volunteers. We think the national service initiative will bring a new generation of very, very capable individuals into the field. We have expressed our enthusiasm to both the National Commission and to others. Many, many NeighborWorks® organizations utilize VISTA volunteers, the Youth Build approach, Habitat for Humanity volunteers, and themselves organize thousands, tens of thousands of volunteers for special cleanup, fix up, Christmas in April-type projects.

We think this could be a tremendous boon to not only the individuals who are involved in national service, but to the communities in which they would serve.

Senator MIKULSKI. The way the national service would work, particularly through the voucher program to help people reduce their student debt, which would also mean because, this is not self-serving but I introduced the concept of the part-time model. The part-time model was so that people did not have to go away. They could stay in their own community working part time, 20 hours a month for a 3-year period, to earn the debt reduction voucher. Then there is an alumni association so that they would stay together with that kind of enthusiasm and community commitment that Peace Corps has brought.

What we would like you to think about is not only how to use them full time, but their tremendous capacity building in your NeighborWorks®, the La Raza groups, all of the others, the Baltimore community, where people who graduate—for example, in Morgan University—would actually be staying in Baltimore working with NHS, helping reduce their student debt, their access to the American dream, but then stay right on and keep on working with NHS, maybe even going on to be that nonprofit organizer. That business major says, “Boy, I like this stuff and I want to stay.”

Or if they leave they become the boards, they become the commissions, they become the city council people that then make sure that those CDBG funds are there. There is a history of community organizers going on to politics. That is why I had the part-time model. The problem is not over there, you know, that you go away to find, but that the issues are in our own communities.

Mr. KNIGHT. The Beloit Neighborhood Housing Services is a model of this, having recruited VISTA volunteers year after year from the community where they receive training. They are volunteers and most of them have gone on to become full-time employees of social service agencies around the city of Beloit. It is a terrific model, and the part time would help extend it even further.

Senator MIKULSKI. Well, keep it in mind because we think that it could be there. If the legislation does pass, and pass the way it is envisioned, it would operate where a governor would create a committee to take the request for proposals on what should be funded for community service so the needs and varieties of a community are met. So that a rural—Senator Bob Kerrey’s of Nebraska needs are very different than Senator Barbara Mikulski’s, or Senator Dianne Feinstein’s, or Senator Phil Gramm’s of Texas. So we feel that by moving it to a State analysis you recognize the characteristics of the State and the needs.

So now that that is going to occur, how you would work through the States, and I think you ought to, you know, begin to think about it. And also there will even be some funds this year through the commissions like these summer services.

HOPE 6 AND NRC

Now, if I could, one last question related to HOPE 6. HOPE 6’s point was to bring together something different for public housing. You all have done so much work in neighborhoods, and yet public housing—I just think about my own hometown. I get very emotional. I used to work in those housing projects and now I see that they have become incubators of everything we have fought against.

Now, I think that public housing was originally designed to rescue the poor, and now we have to rescue public housing so it can get back to helping the poor.

What do you think about what we want to do with HOPE 6 to bring shelter, self-sufficiency, training, and then also community service in a one-stop-shop grant? Do you think that this is a good approach? Do you see consulting with HUD on this? I know that your work has not always been in the field of public housing but in others, but your expertise at grassroots organizing, capacity building, using volunteers, is so invaluable. Could we—what do you think about us being on the right track and should we—are there other strategies we could also pursue through Neighborhood Reinvestment?

Mr. KNIGHT. Absolutely you are on the right track. The individuals in public housing need to have access to the same kinds of services that their income blocks them from, services that individuals of greater means have access to through purchase of services. By pulling in access, easy access to those services you deal with people as a whole person. That is our approach to dealing with neighborhoods.

Someone who comes in for loan counseling, you may end up helping them with a job training program, you may end up helping them get their child back in school. All of that just builds and grows organically. So we think the access to be able to do that in public housing is tremendous.

Senator MIKULSKI. We were concerned when the budget requests came over from HUD that they had reduced the community service and the focus on self-sufficiency resources, self-sufficiency building resources, and saw it as just one more housing program. And one more housing program does not cut it because of the issues around homes and families.

We would encourage you to let the Secretary know and those who are running those what you think you could do, and then to take a look at what Neighborhood Reinvestment's contribution could be to HOPE 6's success.

Did you want to add? Both of you, go ahead.

Ms. WIDENER. I do not know whether or not this is helpful.

Senator MIKULSKI. Do you want to introduce yourself for the record?

PUBLIC HOUSING AS A TOTAL COMMUNITY

Ms. WIDENER. I am Mary Lee Widener, president of Neighborhood Housing Services of America. I think it is important to deal with public housing as a total community. I think that is what we are getting at here. By people having a healthy place to live and all the services they need, that it will be a place where families can be raised with a sense of safety and nourishment.

I think that one of the things that Neighborhood Reinvestment should be looking at in relation to any public housing improvement efforts is to increase homeownership in neighborhoods and try and improve the relationship in the neighborhood of all the residents with not only each other but with residents of public housing.

What I am getting at is this. The increase in crime in neighborhoods, I believe, is partly related to a lesser and lesser sense of

people being stakeholders in the neighborhoods. We hope to address that with a major homeownership initiative, but it should not exclude residents of public housing. I would hope that whatever is done in improving public housing does something with the sense of ownership and sense of place on the part of residents of public housing.

I think that Neighborhood Reinvestment's experience with mutual housing and resident participation in management, and other concepts like that, increase the sense of ownership and stakeholder's feelings about where one lives. This will make the whole situation one that is better for families.

That was the thought that I wanted to share.

Senator MIKULSKI. I think that is excellent and I know that Neighborhood Reinvestment could work with the section 8's. What HOPE 6 was describing was where their is high-rise distressed public housing. And I was asking Mr. Kelly, my chief clerk, if the way we establish the legislative framework, if actually a public housing authority could contract with Neighborhood Reinvestment to do a public housing HOPE 6 project. He tells me it is a little vague. I think we want to double check that.

Did you want to say something? Would you introduce yourself?

DEMONSTRATIONS PROPOSED

Mr. GUEST. I am Hubert Guest, Deputy Executive Director, Neighborhood Reinvestment. HOPE 6 was pointed out to us by staff of the committee, and as it turned out we had a meeting subsequent to that with HUD staff. I have directed our staff to put together several ideas around demonstrations that we can take over to HUD and talk about our ability to work with them as a partner to address some of the activity for which they have responsibility. HOPE 6 is one of those areas where we will put together a demonstration. Hopefully, we can work together to solve the problem.

Senator MIKULSKI. Well, you see, what I would like to see come out of the HOPE 6 initiatives now is not only that we solve real problems, but we learn a lot about how to solve the real problems and then be able to go onto even a larger systematic way of dealing with these aging public housing buildings, not only rejuvenating the housing but building the community, Ms. Widener, as you suggest.

Mr. Knight, did you want to comment?

Mr. KNIGHT. Our statute has a provision that allows any Federal agency to cooperate or contract with us to perform services.

Senator MIKULSKI. Could you repeat that? I was distracted a moment.

Mr. KNIGHT. Our statute has a provision that allows any Federal agency to provide support or assistance to us in accomplishing our mission. So I am sure we could enter into an agreement with them. We have with others.

PEOPLE AS STAKEHOLDERS

Senator MIKULSKI. Well, it is interesting, because there are certain cities that are already interested in applying for HOPE 6. What has concerned me is that in the application that even those

who are applying do not understand how we want to bring together the issues around community service and why. Why do I want community service? I want people, as you said, Ms. Widener, to become stakeholders, and also to show that the poor are not only beneficiaries of service but they are contributors of service. And if it is organized and systematic it even leads to increased self esteem in someone.

I could tell you a little story about the Girl Scouts reaching out to different types of communities than they have served in the past. There was a young mother who people thought was intellectually limited, or even retarded. But what they found out was she wanted to volunteer. The scouts had recruited in this poor neighborhood in Los Angeles and the scouts said they had plenty of room for her. What they found was that this mother could not read and was too ashamed to tell anybody.

They took this young mother and put her in what they called their leadership training program, which included leadership skills. She went on to be a Girl Scout leader, went on to be a community leader, and now she is a full-time organizer for Girl Scouts of America. That is what we want to come out of HOPE 6.

Mr. KNIGHT. I understand, Madam Chair. I was in Camden yesterday and in a very distressed neighborhood in which the residents themselves have organized and taken over a vacant lot. Volunteers have created a flower bed and vegetable bed, smaller actually than this table, in a strange piece of land that is surrounded on three sides by houses, 50 percent of which are vacant. This will be the third summer in which they are harvesting flowers and vegetables. It is a garden in a village of despair.

Senator MIKULSKI. Thank you, Mr. Knight. I know we are getting ready to wrap up. But during this entire testimony on your part there has been a gentleman here with a little button on his lapel who has been eager to speak. I want to make sure that I do not close the hearing without him. I know many of you, but I want to be sure that our recorder has it. Would you introduce yourself?

USE OF VOLUNTEERS

Mr. CASTELLANOS. Thank you, Madam Chair. My name is Francisco Castellanos. I am the Director for Field Operations with Neighborhood Reinvestment Corporation. A lot of what you said has hit a lot of different nerves, and you have rightly seen that several of us have been reaching for the microphone eager to chime in.

Senator MIKULSKI. We could have a town hall just on this, I know. It is my kind of town hall.

Mr. CASTELLANOS. A lot of the issues, of course, are issues that field operations is dealing with on a daily basis. Talking about the use of volunteers, I started out in a similar process 22 years ago as a work/study student. And that is how I got through college.

I started working with young people that were labeled as drop-outs and potential dropouts. Going back now 20, 25 years later and seeing some of those students who are now community leaders, mayors, county commissioners, principals. These were students that people labeled as failures, but because they were given opportunities to become involved in community service at an early age

they are now leaders. A young lady comes to mind who had already dropped out of school, was going to go into stewardess training out of a matchbook cover that she had read. We were able to convince her to go back to school, go back to college.

Now she is a national leader of a national Hispanic educational organization that takes young people, targets them to go not only to college but to Ivy League schools. Tremendous potential out there, not only at the younger levels but all over, that we feel that Neighborhood Reinvestment can become a part of, can attract young people to do community service kinds of activities, and it can be a flower bed for people that can develop into the leaders.

Senator MIKULSKI. Well said, and we thank you for your testimony. We look forward to working with you on your appropriation as we get our 602(b).

We have covered a lot of territory and we look forward to working with you over the next year, and also that OMB recognizes your level of achievement. Thank you very much, everybody.

Mr. KNIGHT. Thank you.

ADDITIONAL COMMITTEE QUESTIONS

Senator MIKULSKI. We will submit the balance of the questions for response in the record.

[The following questions were not asked at the hearing, but were submitted to the Corporation for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR D'AMATO

1. Creating a safe environment, free of crime and drugs, is a crucial component in the renewal of any neighborhood. In your testimony you identify "anti-crime organizing" as one of the key approaches used in the NeighborWorks® network. Will you please elaborate on this program and its success?

While NeighborWorks® organizations may have particular expertise in housing, a comprehensive approach often involves economic development, anti-crime strategies, and social services.

The majority of NeighborWorks® strategies involve active promotion of partnership with community law-enforcement agencies and organization of "block watches" in targeted neighborhoods. Collaborating with outside expertise (i.e. police departments, etc.) amplifies resources directed towards resolving difficulties, and strengthens relationships within the entire community. Additionally, one complimentary and effective strategy to reduce crime in communities involves rehabilitation of abandoned, boarded-up buildings in cooperation with the local public government.

When these actions are perceived as insufficient or inappropriate, some NeighborWorks® organizations will formulate highly specified approaches. For example, the Salt Lake City NHS realized that progress in neighborhood revitalization was hindered by youth criminality--specifically gang activity--the NHS created what is now referred to as YouthWorks. The YouthWorks program focuses on at-risk kids from targeted neighborhoods, between the ages of 14 and 18, and trains them in construction and rehabilitation of housing stock within those communities. The YouthWorks program requires the youth remain in school, teaches valuable skills, and fosters pride in their community and in themselves. Approximately 25% of NeighborWorks® organizations implement similar youth oriented approaches.

This is an example of how one NeighborWorks® organization created an anti-crime strategy to confront problems plaguing its community. Formation of such strategies greatly depends on severity of the problem, as well as resources (both human and financial) available to the NeighborWorks® organization.

2. In your testimony you state that reinvestment from conventional and public lenders, Insurers and local capital improvement programs grew dramatically in FY92, up 38% to \$171.8 million from the previous year. What factors do you attribute this increase in investment to? Why don't you expect continued growth in reinvestment from conventional and public sources through FY94?

NeighborWorks® organizations coordinate and strategically channel resources from conventional and public lenders, insurers and local capital improvement programs, and Neighborhood Reinvestment expects continued growth in this area in FY94, though not at the FY92 pace.

There were several factors contributing to NeighborWorks® organizations extraordinary increased investments in FY92. These included funding acquired from the Federal Home Loan Bank Affordable Housing Program; availability of local lender pools of affordable capital; and \$5 million in Neighborhood Reinvestment equity funds to anchor and seed local efforts.

However, the growth experienced in FY92 is expected to decrease in FY94. Elements contributing to this slow-down include alterations in Affordable Housing Program scoring mechanisms biased towards renting instead of home ownership (creating extreme difficulty in competing for funds); levelling-off of resources from local lender pools; and continued problematic access to equity funds. Limited local operating funds constrain their loan origination capacity. This will also hinder growth.

Neighborhood Reinvestment would have to undertake a massive expansion of the NeighborWorks® organization in order to match FY92 growth rates. Thus, Neighborhood Reinvestment tends to err on the side of caution when projecting estimates for future fiscal years (as exemplified by the FY93 estimate in reinvestment exceeding the FY93 budget justification). Additionally, Neighborhood Reinvestment has only recently begun systematic collection of data. During these early years, our predictive capacity is limited.

Continued progress in FY94 hinges on three key priorities: capacity-building for NeighborWorks® organizations; growth of local fund raising efforts to spur additional home-ownership and Mutual Housing Association efforts; and, the strategic use of capital.

U.S. COURT OF VETERANS APPEALS

STATEMENT OF FRANK Q. NEBEKER, CHIEF JUDGE, U.S. COURT OF VETERANS APPEALS

ACCOMPANIED BY:

ROBERT F. COMEAU, ESQ, CLERK OF THE COURT

DAVID ISBELL, CHAIRMAN, ADVISORY COMMITTEE, PRO BONO REPRESENTATION COMMITTEE

Senator MIKULSKI. Our next witness will be Judge Frank Nebeker from the Court of Veterans Appeals. While Judge Nebeker comes to the witness table I will excuse myself for a minute.

[Pause.]

Senator MIKULSKI. Good morning, Judge.

Judge NEBEKER. Good morning.

Senator MIKULSKI. We know that the Court's budget request is just over \$9 million, enabling it to continue its current level of service and continue the pro bono representation program for veterans who do not have legal counsel, which we have discussed before in detail. We ask you to proceed with your statement and then we will move to questions.

Judge NEBEKER. Thank you, Madam Chair. To paraphrase the traditional judicial greeting, may it please the subcommittee.

Senator MIKULSKI. Here, here.

Judge NEBEKER. My oral statement can be very brief. I will not repeat the written statement, but will ask that it be entered into the record.

STATEMENT OVERVIEW

In the last year the Court has lost its tentativeness with respect to its budget needs and we thank the Congress and specifically you for your understanding and indulgence during our formative years when we were not sure what our actual budget demands would be. We can fairly predict our needs now and the demands on us, and as you observed, we have submitted a budget totaling just over \$9 million. A total of \$8,488,000 of it is for our operation, that is the operation of the Court, and \$790,000 is for the operation of this very fine pro bono program.

We are \$142,000 below last year's request and we submit that that exceeds the budget aspirations announced through the executive branch. The pilot project for the pro bono representation program is also scaled back commensurately. For your information I can report that the case disposition rate in the Court has reached what it should be. In 1991 when we did not have a full complement of judges we were disposing of 64 cases a month, last year we were at 158, and now we are at about 200, which I believe will exceed annually the intake of cases.

That concludes my statement, and I would be happy to try to answer questions. I have brought reinforcements to answer technical questions beyond my capacity.

[The statement follows:]

STATEMENT OF JUDGE FRANK Q. NEBEKER

Madam Chair and distinguished members of the subcommittee, on behalf of the Court, I appreciate the opportunity to present, for your consideration, the fiscal year 1994 budget for the United States Court of Veterans Appeals.

For the current fiscal year, the Court had requested \$8,630,000, but received an appropriation of \$8,480,000. For fiscal year 1994, the Court requests \$8,488,000 to fund its normal personnel and operating requirements. In addition, as a part of its budget but separate from its own operating expenses, the Court requests \$790,000 to fund the continued operation of the Pro Bono Representation Program which has been authorized pursuant to Public Law 102-229.

The Court is mindful of the ever-present need to reduce spending. As is noted in the budget submission before you, the Court plans reductions in staffing and in several spending categories beyond the President's targets for the executive branch. Aside from the Pro Bono Representation Program—the costs of which have been reduced substantially—there are no new or otherwise significant funding requirements in the Court's fiscal year 1994 budget request. The Court will continue to function as described in the attached summary.

The Court requests that, as in past years, its appropriations language include an exemption from the application of section 509. That section of the VA, HUD, and Independent Agencies appropriations bill has precluded agencies from making funds provided for personnel compensation and benefits available for other object classifications. Other United States courts have not been made subject to such a restriction, and our Court's relatively small staff and budget warrants a continuation of its exemption from section 509 so that it can direct its resources most effectively.

I appreciate the opportunity to present the Court's budget request for fiscal year 1994. On behalf of our judges and staff, I thank you for your support in these first few years of the Court's life, and request your continued assistance. Now, I will be pleased to answer your questions.

CLAIMS BACKLOG AND VA'S VIEW OF THE COURT

Senator MIKULSKI. Judge, first of all, thank you for being so crisp. I know some law clerk did not write that testimony. You probably wrote it yourself, that is why it was so crisp and to the point. I understand that the Court has received about 1,700 new cases and that the increase—well, let me look ahead to what I really want to say here.

The veterans tell me they love your Court. We have just been joined by one of the top veterans in the United States of America. The veterans tell me they believe that the Court is having a positive impact on the way the VA is making decisions on veterans claims and, in fact, because they know that the Court exists and is holding very firmly to the fact that VA should follow its own rules and procedures, that the quality of claims, even though there is now a backlog, the quality of decisionmaking in the claims is so much better because they know that there is a Court of Veterans Appeals. They believe that you have also provided a great deal of guidance to the VA in this matter.

So we want to say kudos for that, because we think this is what we had hoped.

Judge NEBEKER. Thank you.

Senator MIKULSKI. We continue to be concerned about those veterans that are under or are unrepresented. We understand that last year the Court said that 64 percent of the cases before the Court do not have legal representation, the so-called pro se situa-

tions. The Court now reports that that has increased to 82 percent. We provided close to \$1 million to provide pro bono representation for unrepresented veterans and the veterans organizations last year received an award to deal with this.

Could you tell us why these unrepresented cases are increasing and what would you say the impact should be on the budget to make sure that the veterans are adequately protected as they go through the process?

Judge NEBEKER. Madam Chair, I cannot speculate as to why the number of pro se cases has markedly increased. I can tell you that it does not have anything to do with the success of the pro bono program. It must be, as you observed earlier, a feeling on the part of veterans that the Court is there and that they want to take their case to us, perhaps despite advice from veteran service officers that the case is really not one that belongs on appeal.

To answer further your questions I would ask indulgence to defer to Mr. David Isbell, a partner in the prestigious law firm of Covington and Burling here in this city. He is chairman of the advisory committee for the pro bono representation program.

Senator MIKULSKI. Please proceed, and we thank you for providing this pro bono service.

Mr. ISBELL. The thanks are well deserved, but they do not go to me, Senator. I can take no credit for the design or the operation of the program. I can observe that it is an extraordinarily effective program. The effect of it, it is fair to say, is that every pro se veteran who is eligible on economic grounds for free representation and who asks for free representation gets his or her case before the Court of Veterans Appeals evaluated.

If the result of the evaluation is the decision that there is substance to the claim, that veteran also gets representation and it is quality representation, largely volunteer attorneys, but volunteer attorneys who are offered training, offered mentoring, and whose treatment of the cases is monitored. They get quality representation by lawyers before the Court.

So there is no veteran who is eligible on economic grounds and who is interested in having representation who is going unrepresented.

Senator MIKULSKI. I understand that, but let me get to the point of my question. Of course our goal is that fewer and fewer claims come to you because the VA has done such a good job and the veterans are satisfied with the decisions that were rendered. So that is our ultimate goal. But then when they come before you there seems to be an increase in the pro se cases. What we are wondering is what is the issue, is there something else that could have been done either in the pipeline? This is in no way a reflection upon the fine lawyers who are giving the pro bono service. They take what comes before them with this evaluation committee. But the request on them is increasing. Am I right?

Judge NEBEKER. Let me defer to Mr. Comeau, our clerk and chief executive officer.

Mr. COMEAU. Thank you. Madam Chair, we think we are on the right track with this program, and here is how we come to that conclusion. We have taken snapshots of the cases which came to the Court in January 1992, July 1992, and January 1993. Those

first two were long before this program existed, but some of the cases that came in then were touched by it.

The pro se rate, as we reported in our stats, has increased from 75 to 78 to 84 percent for those 3 months. That is the rate at the time the notice of appeal is filed in our Court. But once the mechanism starts working on those cases and they are referred and screened, the pro se rate for those months, by the time the appellant's brief is due, has dropped to 68 percent, 65 percent, and 68 percent, respectively. The difference reflects people actually represented.

Now, the true pro se rate—that is, the percentage of those people who are never touched or evaluated by anybody—indicates the impact of the program, and that has dropped from 65 to 57 to 41 percent. This means that for the cases that were filed in our Court in January 1993, only 41 percent have been unrepresented and have had no contact with the pro bono program at all.

Now the reason that is important is that some of those people may not get representation by a pro bono attorney before the Court, but they do get a thorough evaluation and written correspondence from the screening component telling them of that evaluation and suggesting what they ought to do. And in many cases, what they ought to do is get some new evidence and go back to the VA regional office or seek reconsideration by the Board. They are getting that advice.

Senator MIKULSKI. That is right. So we had provided close to \$950,000 for a pro bono representation program that was really not in the legal sense here but in a consortium of veterans groups to work. Has that helped reduce this backlog that in other words it was the vets, it was the materials that they needed, it was this evaluation, it was all these other things that have helped reduce that so when they then have to turn to the pro bono attorney it is someone who really needs a lawyer rather than a counselor to help them get together other paperwork or a second medical opinion, and all that?

Mr. COMEAU. That is correct. And the pro bono program's standard for accepting a case for representation is not a particularly high one. If there is any issue that a lawyer can, in good conscience, articulate before the Court, even though it may not be a winner, that case gets accepted and that person gets represented.

Senator MIKULSKI. We understand that. I want to move on then from that, and I really would like to again congratulate the veteran service organizations and to those attorneys who have been willing to provide a pro bono service to the veterans coming before the Court of Veterans Appeals because it really does deal often primarily with disability and medical claims. Is that not the core of it?

Judge NEBEKER. That is correct. Thanks are due to the District of Columbia bar. They responded magnificently.

Senator MIKULSKI. Is your committee—you were organized under the aegis of the District of Columbia bar?

Mr. ISBELL. I am sorry, Senator?

PRO BONO COMMITTEE

Senator MIKULSKI. The pro bono committee that you chair, was that organized through the District of Columbia bar?

Mr. ISBELL. Well, it is not organized by the D.C. bar. We have sought to recruit pro bono attorneys and a large proportion of them have come from that bar, but it is not an operation of the bar as such.

Senator MIKULSKI. But it has been through cooperation of the members of the bar. Well, to all of you attorneys who do this, please express our thanks and the thanks of veterans.

PENDING COURT CASES

Let us go on now to the pending cases. Last year the Court had 2,500 pending cases, this year there are about 2,100. In fiscal year 1992 only 1,700 cases were filed, a drop of 22 percent. Why has there not been a bigger decrease in the number of pending cases, particularly since new case filings have dropped?

Mr. COMEAU. The pending cases as of the end of April this year were 1,545, so the case dispositions have been moving at a pace of about 200 a month during this fiscal year, which has brought the pending case load down substantially. It is down to 1,545 right now.

Senator MIKULSKI. How many days does it take to process a claim on the average from the day it is filed until a decision is rendered?

Mr. COMEAU. To get you that information on a cumulative basis from November 1989 requires automation which we do not have in place yet. We examined the cases decided during the month of April. For those cases, it took 440 days from the notice of appeal until the decision was issued. About 107 of those days were taken up by the Department of Veterans Affairs and the veteran trying to decide what should be in the record on appeal and getting it to us.

Senator MIKULSKI. I am sorry, could you repeat that? I was distracted.

Mr. COMEAU. The last part?

Senator MIKULSKI. Yes.

Mr. COMEAU. About 107 of those processing days were taken up by the Department of Veterans Affairs and the veteran trying to decide what should be in the record on appeal from which the decision must be made.

Senator MIKULSKI. So 107 days of processing the veteran's claim before a court of appeals, I mean, that is what you are for them, is due to bottlenecks at the VA?

Mr. COMEAU. Not bottlenecks at the VA, but due to the unusual situation we find ourselves in. Unlike most courts of appeal, which refer to the transcript of the trial court below, there is no such animal in the Board of Veterans Appeals. The Court is obligated by statute to decide its cases based on the record before the Secretary and the BVA. That record, it turns out, is a subset of the veteran's claims file, which can range from a couple of inches thick to the size of a grocery cart depending on how much contact that veteran

has had, say since World War II, with the Department of Veterans Affairs.

So that process which is one of give and take between the VA and the veteran to decide what is in that big claims file that is really relevant to the appeal before the Court and ought to be sent here.

Senator MIKULSKI. Well, why can't the VA do a better job of preparing the record so it would cut down your processing time?

Judge NEBEKER. Madam Chair, I am not really conversant with what the Secretary could do internally to speed that process along. He has informed the Court that there has been a problem. Up to that point we were not that aware of there being a problem within the Department. It often does take considerable time to go through that large C file and discern what was considered by the Board and what is relevant to the appeal. We know that it takes someone else other than the Board members to do that.

Then there is time consumed, particularly when a pro se veteran thinks something else belongs in the record, and then we have a contest over that and have to resolve that, all before the record on appeal can be put together. Insofar as our Court is concerned, we have left to the Secretary the chore of resolving the problem he says exists within the Department with respect to designating the record on appeal. We have done that out of comity and out of considerations of the separation of powers. It is really not for us to run the Department.

Senator MIKULSKI. Later on this month we will be holding a hearing with our new Secretary of the Veterans Administration, himself a disabled vet who knows what claims are all about, and we know there will be an earnest desire to deal with this issue. We are going to raise it with him, but I think if you had administrative recommendations, perhaps to us, that would help expedite you. We understand separation of powers, judge, and so on, but if there would be a way—you have had a lot of experience now, that if we could cut down that 107-day time there we could perhaps then be able to expedite the cases coming to you and expedite the decision-making process.

Judge NEBEKER. I do not think we can eliminate the entire lag of time doing that, but we could certainly cut it back.

Senator MIKULSKI. But 107 days, you know, that is one-third of a year. Perhaps we could move in this area.

Judge NEBEKER. Indeed.

Senator MIKULSKI. Senator Kerrey, do you wish to ask any questions?

Senator KERREY. I really do not, Madam Chair. I would just concur with your own observation of the system. My office is completely complaint free. We have received zero correspondence from individuals in Nebraska complaining.

Senator MIKULSKI. Senator Kerrey, would you use the microphone for the reporter, please?

Senator KERREY. I would be happy to use the microphone for the reporter. Again, I just concur with your own observation of the system. There were predictions that there would be problems and I am sure there are still plenty of things to be ironed out. Unlike every other agency of Government where there will be some com-

plaint filed or some observation made of improvement needed, the Court of Veterans Appeals is one where we have received no correspondence from anyone who at least at this stage of the game is dissatisfied with the process.

FIELD HEARING FUNDING

I do note in your budget that you have requested a reduction in travel to go out and do hearings out in the field. Do you turn down hearings in the field? Can you describe to me any difficulties faced by people getting in for the appeal, into town?

Judge NEBEKER. We seldom get a request for an oral argument. The Court will schedule oral argument in cases it thinks oral argument will be of help. We do so bearing in mind the hardship on counsel located great distances away. As the Chair has observed, we have a high rate of pro se cases, so that correspondingly means we do not have that many cases that have representation in them.

We have had successful oral arguments by using telephone where counsel has been a distance away and we find that is really the more economical way to do it, rather than to have an entire panel of judges, plus counsel for the Secretary, travel to a distant place. But we have had one oral argument outside the city and we are planning to have oral argument again in New Orleans in connection, I might add, with an ABA administrative law section program.

Senator KERREY. Do you find your actions producing change in the VA, or do you find yourself merely carrying out the laws described by Congress or the regulations as written by the VA itself?

Judge NEBEKER. Well, as the Chair observed, we are assigned the responsibility of ensuring that the administrative process comports with relevant statutes and regulations. That is the extent of our authority. We do not otherwise create or make the law. We have no real way of gauging the degree of compliance with the precedent-making decisions that we issue. We are assured that there is compliance with them. We have not had veterans come back to us and say, "Enforce your mandate, the Secretary has refused to carry it out." That has not happened.

[The information follows:]

There have been a few instances in which subordinate officials in the Department of Veterans Affairs have misunderstood our mandates or—shortly after the Court began operations—failed to get prompt notice of a precedent opinion. Those instances were rectified within the context of the cases in which they arose. I know of no instance in which the Secretary has refused to comply with the Court's mandate.

Senator KERREY. Which would indicate that the VA is cooperating fully with the Court itself.

Judge NEBEKER. So far as I can tell they are behaving, and always have, in a very responsible and professional way, having had judicial review superimposed over a system that had none before. And it did take some adjustments on the part of the Department, but I think they have accomplished that.

Senator KERREY. How long is this Court authorized by law?

Judge NEBEKER. There is no sunset provision for it.

Senator KERREY. It is a permanent organization?

Judge NEBEKER. It is indeed.

Senator KERREY. Thank you; thank you very much.

Senator MIKULSKI. Senator Feinstein.

Senator FEINSTEIN. No questions. Thank you.

Senator MIKULSKI. What do you think about that? Last year we had an extensive hearing just on this court of appeals, it was up and running. We had many of the concerns you do about veterans, literally the access to the courts, to decisionmaking, to representation. We covered so much ground, and I must confess I think the Judge would agree it was a tough hearing. We are now here at this year and there has been—really the Court is functioning in an extremely professional way. The veteran feedback, as you have indicated, which is the best customer reaction, is satisfied. The members of the District of Columbia bar have undertaken a pro bono initiative and we think we are on our way.

We think we are on our way. You need more automation, you need other resources, we need to work with Secretary Brown on better recordkeeping, but we really want to thank you for, I think, now getting this Court underway in a way that really does meet the congressional intent. We thank you. And again, Mr. Isbell, we thank you for the work of the pro bono group.

Judge NEBEKER. Thank you for your cordiality.

[CLERK'S NOTE.—This letter and proposal were submitted to this subcommittee from Ms. Jeanne A. Kennedy, attorney at law to Judge Frank A. Nebecker of the Court of Veterans Appeals regarding pro se cases. Ms. Kennedy request that these documents be made a part of the record.]

LETTER FROM JEANNE A. KENNEDY, ATTORNEY AT LAW

December 21, 1992

Judge Frank A. Nebecker
Chief Judge of the United States
Court of Veterans Appeals
625 Indiana Avenue, Suite 900
Washington, D. C. 20004

Dear Judge Nebecker:

I am writing to you on behalf of myself and my two partners, of Veterans Appeals Network, Inc., for your opinion and advice regarding an innovative and unusual proposal we have developed. This proposal calls for the Actual Reduction of the Number of in per se cases on the docket of the United States Court of Veterans Appeals.

PROBLEM

As of November 1992, I was informed by the COVA Office that there were 2,199 veterans cases pending before the Court and that nearly seventy percent (70%) of these cases were in per se cases. Opposing these veterans are the forty (40) specially trained and licensed attorneys working at the General Counsel's Office for the Department of Veterans Affairs. The problems that this situation creates is well known to you and the other Justices. Even though these veterans are now permitted to retain attorney's for themselves, many are indigent or are so close to it they are in no financial position to retain an attorney. Making matters worse, most practicing attorneys are untrained in this area of law because it is so new and is being created daily by the Court's decisions. So it is difficult for veterans to find an experienced attorney and more difficult to find one who will work on the twenty percent contingency fee allowed by law since it often takes up to two years or more for a case to proceed to finality, and can require a minimum of fifty to sixty hours of research and drafting by the attorney.

SOLUTION

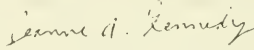
After much research and reflection, each of us of Veterans Network, Inc., who have experience representing veterans before COVA, have devised a solution to this problem: Our enclosed proposal will do the following:

- I. Provide experienced legal representation to the pro se veterans before COVA.
- II. Establish a REPLENISHING FUND to the sponsoring agency so that the agency does in fact receive back much of the money which it originally paid the law firm to represent the pro se veterans. This money then is available again to aid other needy veterans. Thus, the cost to the sponsoring agency is eventually minimal.
- III. Create little or minimal administrative cost to the sponsoring agency because Veterans Network, Inc. will provide quarterly or monthly (whichever is needed), accounting of each case and will absorb the cost of screening cases.
- IV. ACTUALLY HANDLE A LARGE NUMBER OF PRO SE VETERAN'S APPELLANT CASES, thus providing the necessary and as of yet unmet needs of the unrepresented veterans.

In summary, we believe that this proposal offers the "best of all worlds": It serves the needy veterans, it is cost effective, i.e., establishes a replenishing fund-recycled money so that new money appropriations will eventually be minimal or not necessary, and it eliminates a great deal of administrative governmental costs.

Wherefore, on behalf of Veterans Network, Inc. I respectfully request that you take the time to review our proposal and give us your opinion on its merits, and if possible on how to successfully proceed. Thank you.

Sincerely,



Jeanne A. Kennedy

VETERAN'S APPEALS NETWORK, INC.

PROPOSAL FOR REPRESENTATION BEFORE THE UNITED STATES COURT OF VETERANS APPEALS

Veterans law is currently undergoing the most rapid and revolutionary change since the Civil War. Congress has created new rights for the veterans and each day decisions are made by a totally new court interpreting and explaining these rights. For the first time, a veteran can appeal an administrative decision and obtain justice before a federal appellate court, pursuant to the Veteran's Judicial Review Act of 1988.

Veteran's Appeals Network, Inc. ("Vet Net"), is an organization of attorneys who limit their practice exclusively to the advancement of veteran's issues before the United States Court of Veterans Appeals. To better serve the veterans, Vet Net will represent the veterans before the United States Court of Veterans Appeals to secure their wrongfully withheld benefits.

STATEMENT OF PURPOSE

The experienced attorneys, who make up the Veteran's Appeals Network, Inc., advance the appeals of individual veterans before the United States Court of Veterans Appeals. Vet Net attorneys have the experience, training, and insight into veterans issues that is necessary to appeal adverse decisions of the Board of

Veterans Appeals (BVA) to the United States Court of Veterans Appeals, and thus procure for the veterans their rightful benefits as provided for by law.

TEAM EFFORT

Vet Net attorneys limit their practice solely to appeals of adverse decisions of the BVA. They recognize the valuable contribution of service representatives in the advancement of the veterans claims process and their role in building the record before the BVA. This is the record upon which the VA attorneys and the veterans' attorneys must rely, by court rules. VET NET will encourage and support this crucial role in the total process.

ADVERSARIAL ROLE IN THE JUDICIAL REVIEW PROCESS

It is often said that he who represents himself has a fool for a lawyer. There is truth to this time worn adage.

Once the veteran appeals an adverse decision of the BVA to the United States Court of Veterans Appeals, the Department of Veterans Affairs opposes the veteran and argues that the BVA decision is valid. This is a distinctly adversarial process and there are currently 40 experienced staff attorneys who argue against the veteran and in support of the BVA decision. The two page lay person brief form is no match for the 40 VA attorneys.

Cases before the United States Court of Veterans Appeals often involve complex legal, procedural, and jurisdictional issues. Decisions may well turn on legal arguments, the way issues are framed and argued, and procedural points of law. This is the exact area Vet Net attorneys can best serve the veterans.

GOAL

Vet Net will represent the veterans in the judicial review process. To provide legal representation, Vet Net must receive an initial payment from the sponsoring agency. As the appeals progress and the veteran's appeals are successful and the veterans receive their benefits, Vet Net will reimburse the initial payment per appeal to the sponsoring agency from the twenty percent contingency fee as provided by law. This will establish a replenishing fund that will enable Vet Net and the sponsoring agency to best serve the needs of the veterans and to provide new funding for other meritorious pro se veterans without the need for continuing large amounts of new financial appropriations.

CONTRACT PROPOSAL

All new relationships must be built on an informed and solid foundation. To provide legal representation to veterans and to work hand-in-hand with the sponsoring agency to provide the best legal representation for the interests of each veteran, Vet Net has attached a written contract proposal. This proposal is subject to negotiation.

Vet Net looks forward to entering into a relationship that will procure individual veterans their benefits. It is our purpose to serve the pro se veterans in the judicial review process in order that these veterans receive the benefits which are provided for by law and which they so richly deserve.

 RYAN D. LISTER, Esq.

 JEANNE A. KENNEDY, Esq.

 FRANCIS E. SMITH, Jr., Esq.

AGREEMENT

Agreement made this _____ day of _____, 1993
 between VETERAN'S APPEALS NETWORK, INC., a Florida Corporation,
 hereinafter referred to as "VET NET", and _____
 _____, hereinafter referred to as "Sponsoring
 Agency".

REPRESENTATION BEFORE THE UNITED STATES
COURT OF VETERANS APPEALS

1. The Sponsoring Agency retains VET NET to represent Veterans to appeal adverse decisions from the Board of Veterans Appeals to the United States Court of Veterans Appeals.

2. VET NET agrees to:

(A) initiate and timely represent _____

Veterans before the United States Court of Veterans Appeals per year.

(B) All cases under (A) above, will be referred to VET NET by
 _____.

(C) VET NET will determine whether or not the cases referred to it meet the requirements of Rule 38 of the United States Court of Veterans Appeals Rule of Practice and Procedure.

(D) VET NET agrees to provide a minimum of three lawyers, and three regional offices in Orlando, Florida, Hillsdale, Michigan, and Dallas, Texas.

(E) VET NET will retain medical consultants to assist in representing the Veterans.

(F) Individual Veterans will sign an individual Retainer Agreement with VET NET. This Retainer Agreement provides for a fee of Twenty (20%) Percent of past due compensation awarded by COVA or the BVA on remand from COVA. Any fee recovered shall be the sole property of VET NET.

INITIAL CONTRACT MONEY

3. The Sponsoring Agency shall provide VET NET with an initial payment of one fourth of the year's contract amount for the first year. The next payment will be made three months thereafter for one month and thereafter for each month of the contract period.

REPLENISHING FUND

4. VET NET agrees that the initial payment received, per appeal by the Sponsoring Agency, shall be reimbursed to said Sponsoring Agency from any fee recovered by VET NET in each appeal.

ACCOUNTING

5. VET NET agrees to provide a monthly accounting of all funds received on each individual case referred by the Sponsoring Agency. In addition, VET NET will provide a monthly status report of the progress of all cases.

TERM

6. The term of this contract shall be for _____ years, commencing on the _____ 1993 and ending on the _____.

AGREEMENT FOR ADDITIONAL APPEALS

7. The second year of the term of this agreement, VET NET agrees to accept additional Veteran's appeals, and the Sponsoring Agency shall provide payment of _____ per case.

8. In succeeding years of this Agreement, VET NET and the Sponsoring Agency agree to negotiate the initial payment in all appeals in excess of _____ per year.

MALPRACTICE INSURANCE

9. VET NET will carry legal malpractice insurance in the minimum amount of One Million (\$1,000,000.00) Dollars for work performed on behalf of the Sponsoring Agency. The Sponsoring Agency will be named as an additional insured. VET NET will be responsible for the premium on said policy.

COMPLETE AGREEMENT

10. This Agreement contains the entire agreement of the parties. Any amendment or modification of this Agreement must be in writing and signed by an authorized official of each party hereto.

IN WITNESS WHEREOF the parties have duly executed this Agreement in Washington, D. C., on the _____ day of _____, 1993.

VETERANS APPEALS NETWORK, INC.

By _____
Ryan D. Lister, Esq.

By _____
Jeanne A. Kennedy, Esq.

By _____
Francis E. Smith, Jr., Esq.

By _____
Sponsoring Agency

ADDITIONAL COMMITTEE QUESTIONS

Senator MIKULSKI. We will submit the balance of the questions for response in the record.

[The following questions were not asked at the hearing, but were submitted to the Agency for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR MIKULSKI

1. PRO SE CASES

a. QUESTION: The pro bono representation program has been in operation for 7 months. How would you judge the success of this program so far?

ANSWER: While final judgment should be reserved pending the Legal Services Corporation's evaluation, it appears that the program has been highly successful in providing pro bono legal assistance to appellants before the Court. Some unrepresented appellants continue to prefer to handle their own cases before the Court. The cases of those appellants who request representation are thoroughly evaluated by program staff attorneys and veterans law specialists. Through May 1993, 166 cases have been accepted for assignment to attorneys who are providing representation at no cost to veterans. In addition, appellants whose cases were not selected for representation have received written advice and recommendations about the best course of action for their situations. To that extent, the program has been most successful in affording legal assistance to all veterans who request program participation. (Note: The program statistics in this answer and those following were provided by the Veterans Consortium.)

b. QUESTION: You say in your budget that 70% of the appellants who are contacted about the pro bono program have expressed a desire for representation. How many of these appellants actually get representation?

ANSWER: Pro bono representation has been provided to 40% of those appellants who have expressed a desire for representation. As is mentioned above, all appellants who have expressed a desire for representation have received substantial advice and counsel through the pro bono program's screening process.

c. QUESTION: How many cases do you anticipate will be represented through the pro bono program this year and next?

ANSWER: The Veterans Consortium estimates that at over 220 appellants will be represented in FY 1993 and, if the program continues at its present level, over 190 in FY 1994.

d. QUESTION: Of the cases referred and appearances filed by pro bono attorneys, how many have resulted in briefs being filed on behalf of the pro se veteran?

ANSWER: Through May 1993, the Court had received 53 briefs in cases assigned to pro bono attorneys. Some assigned cases had not yet reached the briefing stage. The Court expects to receive a brief in each case assigned for representation to a pro bono attorney, assuming that the case is not settled or otherwise terminated before it reaches the briefing stage.

e. QUESTION: How many cases on average has each attorney under the pro bono program agreed to handle per year for the pro se veteran?

ANSWER: One. The program seeks only a commitment from each pro bono attorney to take one case. The value of the program does not come from establishing a relationship which generates a regular assignment of cases to a particular attorney. Rather, the program's principal long-term value should come from the exposure of law firms and attorneys to veterans law and to practice before the Court. It is hoped that familiarizing attorneys with this

legal specialty and the representational needs of veterans will make the bar less hesitant to assist veterans.

f. QUESTION: As of this date, how many of the pro se veteran cases have been screened by the pro bono program? How many of these screened and accepted cases have resulted in appearances being filed with COVA?

ANSWER: Through May 1993, the program had screened 641 cases. Of these, 330 were screened preliminarily at the Court's request when the program began, without prior contact with the appellants. In some of these cases, and in all subsequent cases, appellants were contacted about the program. Of 413 appellants who were contacted and requested representation, the program accepted 166 for representation, and reports that 144 appearances have been filed by attorneys in the program. Appearances in the remaining accepted cases were awaiting completion of preliminary administrative action by appellants.

g. QUESTION: When pro se cases are not accepted for referral to a pro bono attorney, explain the procedure for denial and what recommendations are made to the veterans?

ANSWER: One of the program's veterans law specialists reviews the Court's file, the BVA decision, and the VA claims file. The law specialist prepares a detailed checklist and a case memorandum. The director or deputy director of the program's screening component, both attorneys, make any determination not to accept a case for representation. This determination is made only after a thorough review and internal discussion of the case. An appellant whose case is not accepted for representation receives a detailed letter explaining in lay terms why representation is not being offered. This letter notifies the appellant of the next step in the appeals process, and suggests any other appropriate courses of action, such as reopening the claim at the VA regional office.

h. QUESTION: Explain what criteria is used to decide which cases will be screened, and what recommendations are made to those pro se veterans whose cases are not screened?

ANSWER: When it is apparent early in a case that it is jurisdictionally defective, the Court does not notify the appellant about the program, but takes steps to dismiss the case. In all other cases, appellants are notified about the program. When they request participation, their cases are screened. A screened case is eligible for representation if it contains at least one plausible nonfrivolous issue, if it does not have significant fee-generating potential, and if the appellant meets the program's liberal financial eligibility criteria. As to recommendations, see the answer to question 1g, above.

i. QUESTION: What is the average length of time from acceptance for screening in the pro bono program to actual assignment and filing of a notice of appearance by the pro bono attorney?

ANSWER: An average of 51 days elapse from the time the program receives an appellant's request for representation until a pro bono attorney files a notice of appearance. Of this time, about 24 days are consumed in screening the case, arriving at a decision and finding an attorney, and about 27 days are consumed in obtaining the appellant's pro bono retainer agreement and preparing any filing which must accompany the notice of appearance.

j. QUESTION: What is the total number of persons employed by the pro bono program and their job descriptions (briefly) in the screening and referral process?

ANSWER: Eight persons are employed in the screening and referral component of the program. The director and deputy director, both attorneys, manage the daily operations of the case evaluation component (screening, pro bono attorney assignment, and monitoring) and assign mentoring attorneys. Four veterans law specialists screen cases, evaluate program eligibility, and recommend acceptance or rejection. The office manager serves as system supervisor for the computer network, coordinates caseload within the office, and performs various administrative duties. The administrative assistant serves as receptionist and provides administrative support.

k. **QUESTION:** What are the projections for the yearly cost of the operation of the pro bono program for each of the next five years?

ANSWER: No projections have been developed beyond FY 1994. The Court would expect inflationary adjustments of the \$790,000 requested for FY 1994. Assuming program success, some variation in the outyears would be influenced by appeal volume, which cannot be projected accurately, given the large changes underway in Board of Veterans' Appeals and VA regional office adjudication processes and output.

l. **QUESTION:** Has the Court received any other proposals regarding legal representation before COVA for pro se veteran's cases and if so, specifically address the Court's evaluation of the merits of each proposal. Attach a copy of each proposal with the evaluation.

ANSWER: Under the authorizing legislation, the Legal Services Corporation, and not the Court, receives and evaluates grant proposals. On May 1, 1992, the Corporation published notice of and advertised in the Federal Register an application period ending June 26, 1992, for grant proposals for a pro bono representation program. The Corporation provided detailed proposal requirements. All proposals received during the application period were reviewed and considered by a selection committee convened by the Corporation.

The Court received one draft proposal under cover letter from an attorney seeking the Court's advisory opinion on its merits. A copy is attached. It was not referred to the Corporation because it was received six months after the close of the advertised grant application period. The proposal appears not to describe a pro bono program because it would charge successful appellants fees amounting to 20% of any past due benefits they are awarded. On the other hand, it is not a true contingency fee arrangement (in which the attorney bears the risk of receiving no fee unless the client wins) because the proposal would have the government guarantee attorney fees for certain paid members of the private bar. Moreover, the "initial contract money" contemplated by the proposal would appear to violate the restrictions in Public Law No. 102-229 (1991) against the use of grant funds for the payment of attorney fees. Even if it did not, it is not at all clear that the number and amount of past due benefits won would generate sufficient fees to replenish the proposed revolving fund to be set up with appropriated funds.

The Court did not respond to this draft proposal. In retrospect, it should have, advising the writer that if the proposal was intended to fall under the pro bono program, it was untimely, addressed to the wrong entity, deficient on its face, and not in conformance with applicable law with which the writer appeared to be familiar. We have now communicated the substance of this response to the writer.

m. **QUESTION:** In the Court's evaluation, is there currently a need for representation by private bar attorneys licensed before COVA to handle pro se cases in addition to the current pro bono program? If so, what measures are presently being taken to refer cases to members of the private bar?

ANSWER: There is, and probably always will be, a need for increased participation by the private bar in representing appellants before the Court. We have surveyed those persons who are admitted to practice before the Court (now numbering 884 attorneys and nonattorneys) and have found that 447 of them want to be listed as available to represent appellants. We have compiled a state-by-state alphabetical listing of those practitioners, and send that list to every unrepresented appellant who files a notice of appeal. The Court does not refer cases to individual members of the private bar.

n. **QUESTION:** What is the Court's view of the concept of establishing a replenishing fund whereby members of the private bar would receive initial funding to represent pro se veterans before COVA and then said attorneys would reimburse this initial funding (per case) from the twenty percent contingency fee as provided by statute?

ANSWER: See the answer to 1.1, above.

o. **QUESTION:** You are requesting \$766,000 to continue the pro bono program in FY 94. Will these funds be awarded through an open, competitive process, or will the current grantees be awarded the funds? Please provide a complete break-out of the budget request.

ANSWER: The funds are requested for extension of the current program. Decisions on grant process and awards will be made by the Legal Services Corporation later this summer. It is likely that if the program evaluation is positive, no new competition will be held. That evaluation by the Corporation is expected in September. The \$790,000 requested for the pro bono program includes \$24,000 available for obligation from the original \$950,000 which was approved for expenditure in FY 1992 and 1993. That \$24,000 will be used for administrative costs incurred by the Corporation. Of the remaining amount, about \$675,000 will be allocated to a primary grant and the remainder to expansion grants. The program request was built on the following expenditure assumptions arrived at in consultation with the current grantees:

	OUTREACH	EDUCATION	SCREENING	TOTAL
FY 1993 Budget	105,186	128,221	469,593	703,000

Budget Decreases

Start-up Costs	0	0	(34,772)	(34,772)
Training Videotapes	0	(3,308)	0	(3,308)
Pro Bono Consultant	(92)	(171)	(737)	(1,000)
Recruitment Brochures	(8,224)	0	0	(8,224)
Overhead Costs	(603)	(1,120)	(5,305)	(7,028)
Administrative Costs	(2,241)	(1,611)	1,003	(2,849)
Outreach & Educ Pers	(13,624)	(11,749)	0	(25,373)

Budget Increases

Screening Personnel	0	0	43,994	43,994
Database & Software Mnt	0	0	8,000	8,000
Screening Comp Library	0	0	1,100	1,100

Net Change	(24,784)	(17,959)	13,283	(29,460)
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FY 1994 Budget	80,402	110,262	482,876	673,540
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2. PENDING CASES

QUESTION: How many days does it take to process a claim, on average, from the day it is filed until a decision is rendered, and in your judgement is this reasonable? How does the timeframe for deciding cases compare to similar courts?

ANSWER: For cases decided in April 1993, an average of 440 days elapsed from the filing of the notice of appeal until the issuance of the Court's decision. The average appeal-to-decision processing time for civil cases in United States courts of appeals is 330 days. Of course, the pro se rate in those courts is less than half of that in this Court, and those courts are somewhat less accommodating to pro se appellants. Also, because those courts have available a transcript of the proceedings below, they are not faced with record identification delays. In this Court's April 1993 cases, an average of 107 days were consumed in identifying and filing the record on appeal from which the decision must be made. Taking those factors into consideration, I find this Court's processing times to be reasonable.

3. COURT HEARINGS OUTSIDE D.C.

QUESTION: Your budget request decreases the budget for travel, in order to defer Court hearings outside of Washington, D.C., in the interest of cost containment. How many veterans request hearings outside of D.C. and how many have been turned down? What options do these veterans have?

ANSWER: The Court does not keep such statistics. Unlike the VA administrative claims process, no party has a right to oral argument before an appellate court. The Court holds oral argument -- whether or not there has been a request by the parties -- when it determines that such argument would facilitate resolution of legal issues in a particular case. The Court has made that determination in only 1.6% of its cases, and has never determined that oral argument by an unrepresented appellant would be of value. Thus far, the Court has held one oral argument outside Washington. In January 1993, a panel of judges held argument in Phoenix, Arizona, immediately following a judicial training program which the judges were attending. Holding oral argument in Washington generally has not been a problem for the parties. When it has been, we have offered the alternative of telephonic oral argument, and have held six of these to date.

4. IMPACT ON VA

a. QUESTION: Do you believe the Court is placing new requirements on the VA, or are you rather enforcing laws that the Congress has already passed and regulations the VA has in place?

ANSWER: The Court is charged by statute with insuring that the administrative process comports with relevant statutes and regulations and, of course, with the U.S. Constitution. That is the extent of the Court's authority.

b. QUESTION: How would you assess VA's actions in response to the Court's decisions -- is the VA implementing the Court's decisions in a timely manner?

ANSWER: The Court has no real way of gauging the degree of VA compliance with its precedent-making decisions. As to the implementation of decisions in individual cases, appellants

occasionally have complained about VA noncompliance or slow implementation. Such complaints are considered and acted upon within the context of the cases in which they arise.

5. REGISTRATION FEES

QUESTION: The Court collects a \$30 fee for practitioners before the Court. What is the balance in this fund and how has it been applied to date?

ANSWER: As of April 30, 1993, the balance in the fund was \$25,226. It is available for the limited purposes set forth in 38 U.S.C. § 7285(b): employing independent counsel to pursue disciplinary matters, and defraying administrative costs for the implementation of the standards of proficiency prescribed for practice before the Court. No funds have been used to date.

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

STATEMENT OF JOHN H. GIBBONS, DIRECTOR

Senator MIKULSKI. You know, today we really get a sense of the independent agencies under this subcommittee's jurisdiction.

Senator KERREY, we heard three consumer protection agencies, we heard the Neighborhood Reinvestment Corporation, and the Court of Appeals. Now we turn to Dr. Jack Gibbons, the President's Science Advisor who heads the Office of Science and Technology Policy. We have the most comprehensive jurisdiction of any subcommittee.

Senator KERREY. Hands on.

Senator MIKULSKI. Actually we do. I wish the authorizers would focus on some of these issues.

Well, Dr. Gibbons, this is your first appearance before this subcommittee, and we welcome you to it. We have, as you know, two Senators along with myself who are very keenly interested in the Office of Science and Technology. We see there the jobs of the future and we look forward to hearing what you have to tell us and what resources you need.

Dr. GIBBONS. Thank you, Madam Chair. If I may offer my full statement for the record, I would like to provide you with a briefer oral summary this morning.

Senator MIKULSKI. Without objection.

SUMMARY STATEMENT

Dr. GIBBONS. I am certainly pleased to be here on my first appearance as Director of the OSTP. I will provide in my oral briefing a quick summary of our request for fiscal year 1994, a few comments about our work with the Federal Coordinating Council for Science, Engineering, and Technology, and also a few remarks about how the Office is helping the President in his plans to use science and technology for promoting a stronger economy.

I think you know that our charge is primarily to provide authoritative scientific and technological information and advice to the President and the White House. We participate in the formulation, the coordination, and the implementation of national and international policies involving science and technology. We try to help maintain and promote the health and the vitality of the whole U.S. science and technology enterprise and infrastructure, and we have a major charge in coordinating and integrating the research and development efforts across the executive branch agencies.

BUDGET REQUEST

The total fiscal year 1994 budget request from OSTP is \$5,170,000. This goes to the support of an assigned number now of 40 full-time staffers and a maximum of 6 detailees from other places. We are requesting an increase in funding of \$945,000 over the appropriation that was made for OSTP alone in fiscal year 1993. I am ignoring the \$2 million pass-through item that was included in 1993. But our assumption of the essential functions and activities of both the National Space Council and the National Critical Materials Council comes with an overall actual decrease of about \$880,000 in the funding available for all of these functions. So our budget request does, in fact, represent nearly \$1 million of savings over the comparable numbers for these activities in 1993.

This increase that I speak to you about primarily has to do with our reconstituted personnel. We have been moving from a heavy dependence in the prior administration on detailed personnel to a greater dependence on full-time staff of our own Office. I think this is responsive both to the concerns of Congress as well as to the President. And the increase is also driven by the increase in direct costs of paying benefits, the FERS and other payroll costs associated with full-time people.

We have also requested a small increase in the funds available for outside services, consulting services, contract services, since with decreased availability of detailees we will depend, for example, more on contracts for specialized deliverables to meet our highly specialized information needs that are unpredictable and change quite frequently from one area to another.

We do have a critical role, I believe, to play in coordinating science and technology across the executive agencies for the President. I hope that the following descriptions of two selected functions might be helpful in illustrating our work. One has to do with my role as Chairman of FCCSET, the Federal Coordinating Council for Science, Engineering, and Technology. Second is our leadership on implementing the technology initiatives that were described in the President's message in February at San Jose.

FEDERAL COORDINATING COUNCIL FOR SCIENCE, ENGINEERING, AND TECHNOLOGY

First let me talk just for a few minutes about the FCCSET. I think you know that within the executive branch FCCSET tries to help coordinate and integrate activities in those areas where work is being done in a variety of different agencies on a common issue, for instance global climate or the like.

The agencies participate in this FCCSET process in conjunction with my Office and the Office of Management and Budget. We have undertaken six budget crosscut areas, specific areas of science and technology that seem to be most critical to have this overarching framework of coordination and integration. Let me just describe a couple of those to you, if I might.

One is in biotechnology research. We know that the commercial development and the production of biotechnological products are going to create thousands of new jobs as it develops in this decade. Biotechnology certainly is an element in promoting renewed eco-

conomic growth and the competitiveness of our own economy. This does have the potential, as I am sure Senator Kerrey understands well, of making major additions to the agricultural sector of our economy in addition to, for example, the health areas.

Federal investment has helped create this new activity by virtue of the long-term support of molecular biology and its applications. There are 12 Federal agencies involved in the FCCSET oversight and overview of this activity. Their budgets are contained in each of the agencies, but we do the crosscut and pull the whole budget together and look at that overall budget in the presence of key people from these agencies, with OMB and OSTP at the table.

The overarching budget, for example, in this area amounts to about \$4.3 billion. It is spread across a number of agencies and the numbers actually appear in those agency budgets, not anywhere else.

The second area I will mention is high-performance computing and communications. This activity is now in its third year. It is, I think, making good progress toward providing the higher speed computing and communications capabilities and the associated advanced software that are needed in our research activities as well as development of new technology. This initiative will be fully supported and coordinated with the emerging national information infrastructure that has been a part of the President's and the Vice President's technology initiative that was released in February. That budget amounts to about \$1.1 billion, again spread across a number of agencies.

Third, in science and math education, we have 11 agencies drawn together into a single grouping for planning and activity. The sum of activities across those 11 agencies amounts to about \$2.3 billion with which we are trying to build a comprehensive strategy for the reform of science, math, and technology education at all levels, not just K to 12, but school to work, and higher education, and, in fact, in advanced adult training.

I will mention a couple more quickly. The work I know you are familiar with, Madam Chair, in global change research, heavily including NASA but also NOAA and other agencies, represents the continuation of U.S. leadership in global research on atmosphere—

Senator MIKULSKI. Would you pull the microphone closer? It is hard to hear you.

Dr. GIBBONS. Is this better?

Senator MIKULSKI. Yes; they just boosted the air conditioning again and I was losing you. Go ahead.

GLOBAL CHANGE RESEARCH

Dr. GIBBONS. Thank you. In global change research, we are trying to understand the physics and the geology and the biology of these changes that may be coming upon us due to our alteration of the atmosphere and the oceans. We are also trying to understand what these imply in terms of economic and social changes or impacts that will occur. It, hopefully, will give not only the United States but other nations a much better idea of the value of taking action to decrease the amount of global greenhouse gasses that are being emitted.

Again, this activity is one in which we arch across NASA, NOAA, NSF, the Department of Energy, and others, trying to bring a coherence so that the whole of that program can be greater than the sum of its parts.

The same is true in advanced manufacturing technology. Our aim here is to accelerate the development and application of advanced manufacturing technology in order to dramatically improve our capabilities across the manufacturing sector, especially focusing on small- and medium-sized businesses so that these folks have better access to the state of knowledge in this rapidly changing area and, therefore, are better able to compete with our international competitors.

We plan for this FCCSET group to have a major role in coordinating the Federal Government's contribution to the development and the deployment of a new generation of automobiles. We hope to take advantage of some emerging technologies, not only to provide us with automobiles that get on past the clean air problem, but also enable us to unhook ourselves from our dependence on imported petroleum.

So those are some examples of where we are trying to use this organization called FCCSET under my operation to really pull these agencies together to work as a whole. I think Harvard University was once described as a consortium of independent departments loosely connected by a common heating plant, and I think sometimes in the past that might have been a good description of Federal executive agencies in terms of their seeming inability to pull themselves together into a more coherent whole. A good fraction of each day of our lives is our attempt to help the Cabinet Secretaries and these people pull together in a more coherent way.

PRESIDENT'S TECHNOLOGY PLAN

Now, the President has also made a serious proposal to put science and technology to work for all sectors of our economy, and in that offering in late February he gave a comprehensive blueprint to help focus American science and technology on three central goals that one might call in collection the so-called technology initiative.

One was to have long-term economic growth that creates jobs and protects the environment. It is not sufficient just to have profitable companies if at the same time the number of jobs are decreasing by downsizing and the like. So the measure that the Federal Government has to add in the concern about a healthy economy is not just our import/export ratios and not just our bottom line profits, but how the job situation is moving. So we have been trying to use the tools of science and technology to focus on the place where the jobs are; that is, for example, in small- and medium-sized businesses where almost all of the job growth occurs. So that is the first of three goals.

The second goal is to start at home; namely to make Government more efficient, more streamlined, more user-friendly, and to increase productivity through investment. And finally we want to reiterate strongly the importance in keeping world leadership in basic science, mathematics, and engineering. That is sort of the ul-

timate engine that can help drive, through technology can help drive economic growth.

Now, several aspects of the President's 1994 budget reflect this new attempt to more fully capture the opportunities created by science and technology investment. President Clinton has requested a record R&D funding of nearly \$76 billion in fiscal year 1994. In a budget season when we are all focusing on deficit reduction, I think the fact that the administration's proposal in R&D amounts to a 3-percent increase is a good measure of the concern and attention that we want to give that as an important engine for our future growth.

Senator MIKULSKI. Dr. Gibbons, I am going to have to wrap up this hearing in about 25 minutes. Do you have anything that really are core elements of what you want to say, because I think we have an idea of the direction of your statement.

Dr. GIBBONS. May I take a few more minutes? Would that be appropriate?

Senator MIKULSKI. Yes; but we have to really move it.

Dr. GIBBONS. Thank you, Senator.

Senator MIKULSKI. We are just trying to get together so much this morning.

Dr. GIBBONS. I understand, and I appreciate your giving me a heads up. I want to point out that while we are talking about a small but significant increase in the budget for R&D we are giving special attention to how we can reorder priorities with our existing resources within, for instance, the big laboratories, and that, in turn, is also taking a substantial amount of our time and attention.

I would be happy to talk with you about some of the other areas that we are working on, in health or space or the public-private partnerships that we are trying to develop to return to more of a partnership and less of an adversarial relationship with organizations outside Government. But I will pass on those and simply conclude that I think the growth of our responsibilities in our Office corresponds with the growth of the importance and pervasive quality of science and technology in modern American life.

We believe and hope that we can make fullest use of this \$5.17 million to the end of helping the President and the Congress see if we cannot reorient these resources. We are moving away from a time in which we focused almost solely on defense and mission-oriented needs to a time when we need to look much more broadly at our economy and the notion of dual use. Linking the Federal R&D investment to our national future is our aim in the coming year.

Thank you, Senator.

[The statement follows:]

STATEMENT OF JOHN H. GIBBONS

Madame Chairman, Members of the Committee, I am pleased to appear before you for the first time as Director of the Office of Science and Technology Policy (OSTP). I will present testimony on OSTP's budget request for Fiscal Year 1994. I will also provide a brief overview of six initiatives of the Federal Coordinating Council for Science, Engineering, and Technology (FCCSET), which I chair, and of some other highlights of the President's plans to use science and technology to promote a strong economy, a healthy environment, and a responsive and efficient government.

OSTP BUDGET REQUEST

The Clinton Administration believes that investing in science and technology is investing in America's future: a growing economy with more high-skill, high-wage jobs for American workers; a cleaner environment where, for example, energy efficiency increases profits and reduces pollution; a stronger, more competitive private sector able to maintain U.S. leadership in critical world markets; an educational system where every student is challenged to reach his or her full potential; and an inspired scientific and technological research community focused on ensuring not just our national security but our very quality of life. The most important measure of success of the Federal initiatives will be our ability to make a difference in the lives of the American people, to support science and direct technology so they improve the quality of life and the economic strength of our nation.

The Office of Science and Technology Policy, created by the National Science and Technology Policy, Organization, and Priorities Act of 1976 (P.L. 94-282), coordinates science and technology policy for the White House. OSTP supports the Administration's objectives by: providing authoritative scientific and technological information, analysis, and advice for the President, for the Executive Branch, and for Congress; participating in formulation, coordination, and implementation of national and international policies and programs that involve science and technology; maintaining and promoting the health and vitality of the U.S. science and technology infrastructure; and coordinating research and development efforts of the Federal government to maximize the return on the public's investment in science and technology and to ensure Federal resources are used efficiently and appropriately.

The total FY 1994 budget request of \$5,170,000 is intended to support 40 professional and support staff for OSTP and 6 detailees. The request provides for four Associate Directors -- the number authorized in the enabling legislation. The FY 1994 request also provides for an estimated 7 assistant directors and several policy analysts, consistent with the current OSTP staffing configuration. The professional staff will be composed of individuals with diverse skills, multiple advanced degrees, and broad experience. This is essential, given the number and variety of issues addressed by OSTP and the changes in emphasis from year to year. OSTP also utilizes detailees from other agencies to fulfill staffing needs in specialized science and technology areas.

The total OSTP budget request for FY 1994 provides a base of support that will allow OSTP to fulfill its growing responsibilities related to Administration programs, policies, and initiatives involving science and technology, including:

- Making recommendations to the President and his staff on current major issues of science and technology policy. This requires a very high level of participation and interaction by OSTP with numerous coordinating groups within the Executive Office of the President and with all Federal departments and agencies.
- Directing and coordinating the Federal Coordinating Council for Science, Engineering and Technology (FCCSET) and its committees and subgroups. This requires an intensive level of participation, coordination, and guidance by OSTP staff on the various FCCSET committees and subgroups.

- Coordinating the science and technology elements of the programs of Federal agencies and departments.
- Prioritizing and coordinating the different objectives of the Nation's civil, military, and commercial space activities and developing policies that are in the broad national interest (a new responsibility formerly carried out by the National Space Council).
- Anticipating new science and technology issues, or issues with a significant science and technology component, especially those with a longer-range perspective, and initiating interagency coordination on such issues.
- In consultation with the Department of State, developing, planning, and implementing international bilateral science and technology agreements with foreign countries. Interagency coordination, under FCCSET, of science and technology issues in negotiated agreements with foreign countries.
- Preparing reports in accordance with legislative requests or direction.
- Interacting with various science and technology related groups outside of the Federal Government.

The responsibilities of the Assistant to the President for Science and Technology and of OSTP have increased in the Clinton Administration. Significant additions to OSTP's responsibilities include:

- The Director of OSTP, as Assistant to the President for Science and Technology, plays an active role in the newly formed National Economic Council.
- OSTP has been directed to complete absorption of the essential functions of the National Space Council and the National Critical Materials Council by the beginning of Fiscal Year 1994. OSTP specific responsibility within the Executive Office of the President will include: review of United States Government space policy, including long-range goals and development of a strategy for national space activities; development of recommendations for the President on space policy and space-related issues; monitoring and coordination of implementation of the objectives of the President's national space policy by Executive Departments and agencies; and fostering close coordination, cooperation, and technology and information exchange among the civil, national security, and commercial space sectors, and facilitating resolution of differences concerning major space and space-related policy issues. In addition, OSTP will take the lead role in: assisting the President in establishing coherent national materials policies; coordinating Federal materials-related policies, programs, and research and technology activities; and reviewing and appraising the various programs and activities of the Federal government in accordance with the policy and directions given in the National Materials and Minerals Policy, Research, and Development Act of 1980.
- Under the President's investment plan, OSTP has assumed additional responsibilities in science and mathematics education, the environment, high performance computing and communications, biotechnology, materials science, and technology, particularly as it affects global competitiveness.
- The Director of OSTP chairs FCCSET, which will have an expanded mission and augmented role in the new Administration.

In Fiscal Year 1994, OSTP requests an increase in funding of \$945,000 over the appropriation made for OSTP in Fiscal Year 1993 (excluding consideration of \$2 million provided to the Consortium for International Earth Science Information Network (CIESIN) through OSTP in FY '93). OSTP's assumption of the essential functions of the National Space Council and the National Critical Materials Council creates an overall decrease of \$881,000 in the funding available to these functions, thus the budget request can fairly be portrayed as a savings over FY '93 levels. Growth in the reconstituted OSTP's personnel compensation -- pay and benefits -- largely accounts for the requested increase. This growth

is occasioned by the addition of new responsibilities and by the transition from reliance on detailees during the previous Administration to reliance on full-time equivalent staff (FTEs) and hiring up to OSTP's permitted strength of 40 positions. OSTP hopes to have a more stable staff in place for Fiscal Year 1994 (and beyond) than has been the case in prior years.

We have also requested an increase in the funds available for consulting services. Since OSTP is limited in the number of detailees that can be borrowed from other agencies, we will depend on contracts for specialized deliverables to fill short-term, highly technical information needs. This type of contracting to complement staff capabilities served the Congressional Office of Technology Assessment very well during my years as Director there, and I believe it can be used to very good effect at OSTP as well.

OSTP has a critical role to play in coordinating science and technology policy for the Executive Branch. The performance of the Office will be enhanced by greater stability in the permanent staff coupled with better access to specialized, "cutting edge" information needed on a quick turn-around, short-term basis. The budget requested for Fiscal Year 1994 would support these needs. I hope the following descriptions of two important OSTP functions -- chairmanship of FCCSET and leadership on implementing the technology initiative -- will help you to appreciate OSTP's role and to support this level of funding.

FCCSET INITIATIVES

The Federal Coordinating Council for Science, Engineering, and Technology (FCCSET) plays an essential role in developing and implementing U.S. science and technology policy. Chaired by the Director of OSTP, FCCSET is charged with:

- Providing more effective planning, integration, and coordination of Federal scientific, engineering, educational, and technological programs;
- Achieving more effective utilization of the scientific, engineering, educational, and technological resources and facilities of Federal agencies;
- Involving individuals, universities, and companies from the non-Federal sector in addressing the interaction of the Federal government and the private sector on scientific, engineering, educational, and technological issues; and
- Furthering international cooperation in science, engineering, and technology.

The agencies participating in FCCSET, in conjunction with OSTP and the Office of Management and Budget, have undertaken crosscutting analyses of all Federal activities in 6 specific areas of science and technology. FCCSET performed an inventory of current agency activities in these areas and fashioned coordinated Federal strategies with long-range goals and priorities. These FCCSET initiatives, described below, address issues of great importance to national needs and objectives. The agencies involved in FCCSET deserve special recognition for their efforts in these critical areas.

Biotechnology Research

Biotechnology is a burgeoning industry worldwide, promising profound impact on the forefront of innovative technologies in health care, agriculture, energy, and environmental management. By the year 2000, the biotechnology industry is projected to have sales reaching \$50 billion in the United States. Development and production of biotechnological products will create thousands of new jobs and promote renewed economic growth, and has the potential of helping address agricultural, environmental, and health concerns in development countries.

Over the past 3 decades, with basic fundamental research support from the Federal government, the United States has become the international leader in biotechnology research, development, and commercialization. The goal of the Biotechnology Research initiative is to sustain and extend U.S. leadership in biotechnology research for the 21st Century in order to enhance the quality of life for all Americans, and to spur the growth of this component of a healthy U.S. economy.

Twelve Federal agencies participate in this FCCSET initiative: the Departments of Health and Human Services (DHHS), Agriculture (USDA), Commerce (DOC), Defense (DoD), Energy (DOE), Interior (DOI), Justice (DOJ), and Veterans' Affairs (VA), and the Agency for International Development (AID), the Environmental Protection Agency (EPA), the National Aeronautics and Space Administration (NASA), and the National Science Foundation (NSF). The FY 1994 budget request for this initiative is \$4.3 billion, which includes funding by each participant. Working together, these agencies have proposed that biotechnology research related to health and the environment be highlighted in FY 1994 and received detailed evaluation and coordination of efforts among the agencies. These two broad areas of application are inherently part of critical national issues. The increased attention to the contribution of biotechnology to these areas is, therefore, particularly warranted. At the same time, however, a strong commitment will be maintained to the strategic importance of other areas of biotechnology research, including agriculture, energy, general foundations, and manufacturing and bioprocessing.

High Performance Computing and Communications (HPCC)

The High Performance Computing and communications (HPCC) FCCSET initiative is developing computing, communications, and software technologies for the 21st Century. Now in its third year, the HPCC initiative is making progress toward providing the higher speed computing and communications capabilities and advanced software needed in critical research and development programs. The HPCC initiative will be fully supportive and coordinated with the emerging National Information Infrastructure (NII) Initiative, which is part of the President's and Vice President's Technology Initiative released February 22, 1993.

The NII is the platform of advanced computing, communications, information, and human resources upon which industry, government, and academia can integrate their information functions. This will enable the creation and delivery of new services that will improve competitiveness and benefit all citizens. CEO's of the nation's leading telecommunications and computer companies have acknowledged in landmark policy statements that the HPCC Initiative is laying the technological foundation for the NII.

Participants in HPCC -- DoD's Advanced Research Projects Agency (ARPA) and National Security Agency (NSA), NSF, DOE, NASA, DOC's National Oceanic and Atmospheric Administration (NOAA) and National Institute of Standards and Technology (NIST), and EPA -- coordinate their activities in order to leverage efforts in areas of common need and mission overlap. No individual agency has either the mission or the expertise to develop all components of a national information infrastructure, but each agency plays a necessary and complementary role. The President's FY 1994 budget requests \$1.1 billion for the HPCC Initiative.

Science, Mathematics, Engineering, and Technology Education (SMETE)

The goal of the SMETE initiative is to ensure the health and wellbeing of science, mathematics, engineering, and technology education at all levels and in all sectors. Eleven agencies -- DOC, DoD, DOE, DOI, EPA, DHHS, NASA, NSF, USDA, the Department of Education (ED), and the Smithsonian Institution (SI) -- participate in this initiative, and they have established priorities and milestones in areas of responsibility from kindergarten through postgraduate education, as well as public understanding of science and technology education. The participants carefully monitor progress toward achieving the milestones and work toward ensuring interagency coordination and communication.

In support of the President's efforts to improve math and science education, SMETE will address:

- Elementary and secondary system reform, by attempting to foster standards-based systemic reform through an approach that incorporates ambitious content

standards for all students, curriculum, in-service training, teacher preparation programs, and assessments linked to those standards;

- Undergraduate revitalization, by supporting curriculum revisions, providing more undergraduate faculty with research experience, and providing student financial assistance;
- Graduate education, by continuing to provide pre- and post-doctoral student support;
- Public understanding of science, by supporting programs designed to increase the ability of adults to make informed choices on science-related issues; and
- Technology education, by supporting efforts to improve the school-to-work transition and ensuring that all workers receive the training necessary to keep pace with a rapidly changing economy.

The participants in this initiative have identified several crosscutting priorities to be addressed in Fiscal Year 1994 and beyond, including: increasing the use of educational technology; increasing participation of underrepresented groups; identification and dissemination of exemplary materials; and evaluation. The President's FY 1994 budget proposes investing \$2.33 billion in science, mathematics, engineering, and technology education programs. These resources would allow the agencies participating in this initiative to implement the first stages of a comprehensive strategy for the reform of mathematics and science education at all levels.

Global Change Research

The goal of the U.S. Global Change Research Program (USGCRP) is to gain a better understanding of the interactive physical, geological, chemical, biological, economic, and social processes that regulate the total Earth system. Such an understanding will help establish a scientific basis for national and international policy formulation and action.

To fulfill the goals and address the strategic priorities of the USGCRP, 4 parallel but interconnected streams of national and international activity have been developed:

- Observations and data management: the establishment of an integrated, comprehensive, long-term program of Earth system observations and data management on a global scale;
- Process research: the development of a program of focused studies to improve knowledge of the physical, geological, chemical, biological, and social processes that influence and govern Earth system behavior and our knowledge of the impact of global change on human health and activities;
- Integrated modeling and prediction: the development and application of integrated conceptual and predictive Earth system models; and
- Assessments: the documentation and assessment of the state of scientific knowledge and uncertainties and the implications of the science of global change to support national and international policymaking activities over a broad spectrum of global and regional environmental issues.

The USGCRP maintains a formal mechanism to coordinate the interests of industry, business, commerce, and nongovernmental environmental groups with Federal participants (DOC, DoD, DOE, DOI, EPA, DHHS, NASA, NSF, SI, USDA, and the Tennessee Valley Authority (TVA)). The President's FY 1994 budget requests \$1.5 billion for the U.S. Global Change Research Program Initiative.

Advanced Manufacturing Technology (AMT)

Manufacturing is the foundation of the U.S. economy. The United States was the unchallenged world leader in manufacturing for many years. This performance has slipped, however, in recent decades. Domestic university and industrial laboratories still excel at achieving basic scientific breakthroughs, such as the discovery of polymerase chain reaction

(PCR) technology, which permits the rapid replication of DNA molecules in the test tube and has revolutionized biotechnology research. But too often, foreign firms often are better at turning technology into new products and processes both quickly and inexpensively.

The United States now has an unprecedented opportunity to accelerate the development and application of advanced manufacturing technologies -- the processes, information, and equipment needed for future competitiveness. By utilizing the Nation's technological strengths and a properly timed and coordinated research and development (R&D) program, industry, government, and academia can work together as a national team to help U.S. manufacturers play an enhanced role in domestic and international markets.

The participants in AMT -- DOC, DoD, DOE, DOI, EPA, NASA, NSF, and USDA -- have established the following goal: to accelerate the development and application of advanced manufacturing technologies to dramatically improve the manufacturing capabilities of a broad spectrum of U.S. industries. The goal will be accomplished by developing a coherent and synergistic interagency program in advanced manufacturing technology R&D and by combining and integrating Federal efforts in cooperation with the States and other stakeholders. The budget requested to support this initiative in FY 1994 is \$1.4 billion. AMT will have a major role in coordinating the Federal Government's contribution to development and deployment of a new generation of automobiles, part of the President's technology initiative.

Advanced Materials and Processing Program (AMPP)

The Nation's economic prosperity, environmental well-being, and quality of life are linked to the development of advanced materials and processing technologies. Improved materials and processes can contribute to increased energy efficiency, improved environmental quality, sustained national security, reduced health-care costs, development of information "superhighways," reconstruction of the infrastructure, and production of new transportation vehicles that will carry the Nation into the 21st Century.

Now in its first year, the AMP already has had a significant impact. The spotlight on advanced materials and processing has heightened the emphasis on these topics in the participating agencies. An inventory of all active Federal materials R&D programs conducted during development of the AMP provided a foundation for the initiative, and it serves as an invaluable, comprehensive guide to Federal programs for private-sector organizations interested in leveraging their R&D resources.

Each participating agency -- DOC, DoD, DOE, DOI, the Department of Transportation (DOT), EPA, DHHS, NASA, NSF, and USDA -- focuses on aspects of materials R&D relevant to the agency's missions and cooperates with other agencies in areas of common interest. The President's budget request for this initiative in FY 1994 is \$2 billion. The funds will be directed toward 4 strategic objectives:

- Establish and maintain the U.S. scientific and technological leadership position in advanced materials and processing;
- Bridge the gap between innovation and commercial application of advanced materials technologies;
- Support agencies' mission objectives to meet national needs with improvements in advanced materials and processing; and
- Encourage university and private-sector R&D activities in materials technologies, their applications, and their implementation.

THE SCIENCE AND TECHNOLOGY BUDGET REQUEST

The President has made a serious proposal to put science and technology to work for all sectors of the American economy. He has offered a comprehensive blueprint to focus American science and technology on 3 central goals:

- Long-term economic growth that creates jobs and protects the environment;
- Making government more efficient and more responsive;
- World leadership in basic science, mathematics, and engineering.

The Economy

We are moving in a new direction that recognizes the critical role technology must play in stimulating and sustaining the long-term economic growth that creates high-quality jobs and protects our environment. The traditional federal role in technology development has been limited to support of basic science and mission-oriented research in, primarily, the Defense Department and NASA. This strategy was appropriate for a previous generation, but not for today's profound challenges. We cannot rely on the serendipitous application of defense technology to the private sector. We must aim directly at our goals and focus our efforts on the new opportunities before us, recognizing that government can play a key role in enabling private firms to develop and profit from innovations.

Several aspects of the President's FY 1994 budget reflect this new attempt to capture fully the opportunities created by the science and technology investment. President Clinton has requested record-high R&D funding of nearly \$76 billion in the FY '94 budget. In a budget focused on deficit reduction, the Administration proposes a 3 percent increase for R&D. The budget reflects a fundamental tenet of the Clinton Administration: Investment in science and technology is an investment in America's future.

Commercially-relevant R&D is a mainstay of the FY '94 request. This request includes:

- Funding for over 1,700 Cooperative Research and Development Agreements (CRADAs) throughout the national laboratory system, with public and private investments anticipated to exceed \$3 billion; and
- A dramatic increase -- almost 19 percent -- in funding for the National Institute for Standards and Technology (NIST).

Reinventing Government

In this budget, how we spend money receives as much attention as how much we spend. Each department and agency will participate in this basic restructuring of Federal R&D spending. Cabinet Secretaries and Agency Directors have, at the request of the Vice President, named deputies or undersecretaries for science and technology. These individuals will meet, under the chairmanship of the Office of Science and Technology Policy and the National Economic Council, to develop and coordinate an overall science and technology policy. Agency budget requests already reflect the increased emphasis on science and technology as critical policy tools. For instance:

Defense Conversion and Dual Use Technologies. To keep U.S. forces technologically superior, and to support U.S. economic growth, the FY 1994 budget for the Department of Defense emphasizes dual-use technologies, with their potential applications in the civilian economy as well as in military systems. Areas of focus include high definition systems, advanced materials, microelectronics, x-ray lithography, flat panel displays, and follow-on Defense Reinvestment programs, such as dual-use critical technology partnerships started with congressional guidance in FY 1993.

ARPA will administer a program, in cooperation with the Departments of Commerce and Energy and the National Science Foundation, to aid in the defense conversion process through a series of grants to assist in the development and deployment of technology. The bulk of the funds in the program will go towards industry cost-shared programs; other funds will be available for grants to universities and for manufacturing extension activities. Budget authority requested for this defense reinvestment program in FY 1994 is \$0.4 billion.

Energy Policy. The proposed FY 1994 budget for the Department of Energy reflects the Administration's efforts to comply with the spirit and letter of the Energy Policy Act of 1992. For example, funding for activities in the solar and renewable energy sources area are proposed to increase over 26 percent from FY 1993 appropriated levels. Funding for the energy conservation account is proposed to increase 35 percent over last year's appropriated levels. These types of changes reflect the President's conviction that economic efficiency and environmental quality are fully compatible goals.

Among the activities to be funded by the solar and renewable energy budget request -- \$327.2 million -- are cooperative work with industry on photovoltaic manufacturing technology, new applications of wind technology and advances in the component technologies for wind generation, biofuels, electric power system efficiency improvements, and the use of high temperature superconductors for electricity transmission. Within the energy conservation program (with total funding requested at \$762.6 million), funding for research relevant to the utilities sector is proposed to increase 36 percent and includes support for more widespread adoption of integrated resource planning by the utility industry. Buildings sector research is proposed to increase 65 percent to fund research on cost effective, commercially attractive energy efficient and renewable energy technologies. Special attention is being given to replacements for chlorofluorocarbons in refrigerants and foam insulation and to strategies to identify, measure, and mitigate indoor air quality problems. Several programs to provide technology transfer and financial assistance for energy conservation activities are also included within the energy conservation account.

Space. In FY 1994, funding for NASA is proposed to rise 6.5 percent from appropriated 1993 levels. This includes an 18 percent increase in funding for aeronautics research, a 7 percent increase for space science and applications excluding activities related to the space station, and a 9 percent increase in NASA's space technology budget. The combined FY 1994 budget for space station, station-related activities, and additional new technology investments is \$2.3 billion.

A proposed \$1.02 billion dollar effort maintains a strong commitment to develop a broad technology base in support of the aviation industry, enhance safety and capacity of the national airspace system, and assure U.S. superiority for national defense. Funding is included to augment high speed research, advanced subsonic technology, advanced computing capabilities, and key research facility upgrades.

The 1994 budget request includes a \$2.3 billion dollar request for space station and new technology investments. Specific budget and program plans for new technology investments will be submitted to the Congress in June, following the space station redesign study. Among the areas that could receive funding under new technology investments are research in automation and robotics, advanced launch technology, development of small satellites that are ultra-light and low-cost, small earth probes, new small deep space probes for science and exploration, and methods for improved analysis and distribution of data from ongoing science missions. The Administration may consider funding technology research institutes -- consortia combining the talents of NASA, the aerospace industry and universities.

Health. The FY 1994 request for the National Institutes of Health emphasizes support of basic research and increases the emphasis on the high priority areas of women's health issues, minority health issues, AIDS research, and human genome research. The budget includes a 105 percent increase for breast cancer research, a 21 percent increase in AIDS research, and a 27 percent increase in human genome research.

Public/Private Partnerships. In a time of scarce resources, it is essential to merge public and private interests wherever possible. We expect big pay-offs for the Nation from leveraged Federal investments, i.e., partnerships with industry (e.g., consortia, cooperative R&D agreements) that ensure that R&D funds are directed toward national needs and that innovations that occur in the laboratory move quickly into the marketplace.

In FY 1994, program funding for the National Institute of Standards and Technology is proposed to rise almost 70 percent from appropriated 1993 levels. The request includes \$30.2 million for a program that combines the Manufacturing Technology Centers and the State Technology Extension Program into an integrated system that can provide small- and medium-sized manufacturers access to support for adopting "off the shelf" and advanced manufacturing technologies. In addition, the funding request for the Advanced Technology Program is \$199 million, an increase of \$132 million over FY 1993 appropriations, to allow NIST to provide cost-sharing grants to more industry-led research projects to develop new precompetitive generic technologies. In the first 3 competitions, NIST has been able to fund only 60 projects chosen through a competitive process from over 660 proposals. The requested increase will allow NIST to support at least 2 open competitions for grants in FY 1994 resulting in about 100 additional awards.

Commitment to Basic Research. Basic research is the seed bed for the technical advances that drive the economy. It's economic payoff is unpredictable, but historically it is very high. In almost every field, U.S. researchers lead their foreign colleagues in scientific citations, in Nobel Prizes, and in most other measures of scientific excellence. None of the innovations in applied R&D proposed in this budget will be funded at the expense of basic science. This budget proposes \$14 billion for basic research, including an 18 percent increase for the National Science Foundation over FY 1993 appropriated levels.

The proposed budget will enable NSF to fund almost 22,300 awards. In addition, there will be increases in support for other programs that enhance the research capabilities of the Nation's scientists and engineers, including a \$56 million increase in support for unique national facilities such as telescopes, research ships, and supercomputers, and an increase of more than \$11 million for support for instrumentation and equipment. Support for education and human resource development at NSF is proposed to increase over 14 percent.

CONCLUSION

Growth in OSTP's responsibilities corresponds with growth in the importance of science and technology in many areas of national policy. Given the continuing challenges to the Nation in OSTP's areas of responsibility, I hope you will support our budget request of \$5.17 million.

The President has adopted an aggressive stance on the direction of science and technology toward solving national problems and achieving national goals. As my testimony described, R&D funds will be invested in areas that will boost productivity and improve economic performance as well as in areas that ensure the United States maintains its leadership in basic science. The science and technology budget lays the groundwork for economic growth.

I would be happy to answer your questions.

MEMBERSHIP ON THE NATIONAL ECONOMIC COUNCIL

Senator MIKULSKI. Thank you, Dr. Gibbons. First of all we want to acknowledge that you bring to President Clinton an extraordinary background, both your own scientific scholarship as well as heading up the Office of Technology Assessment. So you both know science and technology policy, and you have worked with Members of Congress and, therefore, know those processes. We think you have got a big job, and we thought your predecessor had a big job too, in trying to get that Office to come into the new world order.

We believe that we followed the National Academy of Science recommendations that the President's Science Advisor should be on equal footing with the President's National Security Advisor, because we think this is the security of the United States of America.

The policies that are articulated both by our President and then amplified by our Vice President, I think, are in keeping with this. As we understand it, you are now a member of the National Economic Council, am I correct?

Dr. GIBBONS. Yes; I am.

Senator MIKULSKI. Are you also a member of the National Security Council?

Dr. GIBBONS. No; I am not a member of that Council.

Senator MIKULSKI. But you are a member of the National Economic Council. What is your responsibility as a member of the National Economic Council?

Dr. GIBBONS. It is to work with Bob Rubin and his associates in trying to more effectively integrate the science and technology issues and considerations with the economic considerations in trying to formulate decision memoranda and other advice to the President and the Vice President. I would also say we work with Dr. Tyson and the CEA, the Council of Economic Advisors, in the same way.

Senator MIKULSKI. So you are there to say what science and technology means to the economy, the country, and the resources? Is that correct?

Dr. GIBBONS. That is exactly right, and we are encouraged by the extent to which—I think because of my appointment to that Council—we now have standing with these people. And I think, as you observed, where you sit depends on where you stand, and vice versa, and I believe that the administration recognizes the increasing and pervasive importance of science and technology right along with national security and other economic things.

Senator MIKULSKI. Right. Well, we have a President and a Vice President who are both men of vision and ideas. We get a lot of ideas coming out of the White House and there is confusion as to who really is guiding the scientific policy and also where the technology policy is. Many of the science projects really come through independent agencies, some within our own subcommittee itself, particularly the National Science Foundation, the space program, and including now your observing the Space Council. Are you the science czar?

Dr. GIBBONS. Well, it is a democratic society and I am certainly not a dictator, but I think that I have——

Senator MIKULSKI. Are you the point person on science?

Dr. GIBBONS. I am the point person on science, but there is a massive amount of what the computer people would call parallel processing going on in terms of considerations and decisions. And with a very small staff, we have to pick and choose.

ADEQUACY OF OSTP'S RESOURCES

Senator MIKULSKI. That is exactly why I am asking you these questions. You have a small staff, there is a question about your budget, the resources that you need, and that is why—I am asking you these questions so that we know what your responsibilities are and have a better view than in the hurried budget that OMB put together.

Dr. GIBBONS. I would hope that a better test of our capabilities will be evidenced in the fiscal year 1995 budget. As you know, the fiscal year 1994 budget was real sausage making. We had a very

short period of time in which to put together, for the first time I think in Government, a full budget, line budget, within about the first 60 to 90 days of a new administration. So there was a lot of noise level in there inherently.

Senator MIKULSKI. I understand that, but you talk about a lot of parallel processes and that is what we are concerned about. There are a lot of parallel processes. If I could I would like to go to some of those parallel processes that are going on and even get to some of the content. These are not abrasive questions. These are so that you have the resources you need to be that science point person, to sit at that National Economic Council, to work with those Cabinet people, to cut across those lines with FCCSET, to do dramatic new initiatives like the clean car one, and to make sure we do not turn the Big 3 into grant junkies but really new products that leapfrog over our competitors. I think we know what you want to do and we want to make sure you have it.

Now, one of our areas of concern goes right to the heart of this subcommittee—the coordination between DOD and NASA, and also the space station. You are now going to assume the role of the Space Council. We want to make sure that you have the resources to do it. We are also concerned that there has been tremendous conflict between NASA and DOD in numerous areas of space policy: who should be in charge, who should pay, who is going to pay for what part of the launch, and so on.

What happens with you? Will you be able to mediate these kinds of disputes? Will you have the authority to tell DOD space officials to comply with your decision? What is now the linkage that is going to be between DOD and NASA so that we could get our money's worth? Would you have that authority and do you have those resources to be able to resolve those conflicts so that we maximize our space potential, have this unique collaboration between the military and civilian, and at the same time everybody belly up to the bar as to what shares they are supposed to be paying for?

Dr. GIBBONS. It is an enormous enterprise, the space enterprise alone, as you know. If you have three or four people you have to pick your shots very carefully. We have worked most diligently on the space station issue with respect to space issues these first few months because that has been of immediate concern to the White House. As you know, we, that is the administration and the Congress, face a decision on station here within the next couple of months.

Senator MIKULSKI. That is going to be one of my next questions.

WORK WITH NASA

Dr. GIBBONS. It has been a matter of intense focus for me personally and others that I have drawn into that dialog. Let me talk about that for a moment. In organizing to respond to the President's concern that we hold down space station costs to a level that will enable us to have a strong aeronautics program and other things with NASA, and not have space station eat all those resources and then more, we have worked very hard with the Office of Management and Budget and NASA and the Vice President's Office and the National Economic Council. We have not worked in

this instance, for instance, with the Department of Defense, or the NSC, because the space station is not in that category.

We have worked closely with NASA. We got them to organize an advisory committee which we think is going to be an important adjunct to their redesign effort. That effort will be presented to the White House in the form of a report from NASA that gives options about what we can do for how much money, with commentary from this independent advisory committee on what they think of NASA's redesign effort and whether it is validated by an independent view. That information will be put together and taken to the President. The decision in that case will be made in the Oval Office.

Senator MIKULSKI. Dr. Gibbons, let me jump in, because this goes to the heart of the questions, and I also know Senator Feinstein, my colleague, has questions along these lines. Here is our concern.

You have taken over the role in the Space Council, and at the same time you are coming in where we are also taking a new look at some of the programs within NASA itself. NASA is lurching all around the place. Every time you turn around Golden has got a new personnel this, a new organizational chart that, changing culture, the morale is demoralized at NASA, nobody knows where NASA is going, nobody knows who is going to head up NASA. Then we have got the redesign of the space station, and you have got four people and you are heavily dependent on contractors.

We are concerned that, first of all, we will not end up with a space policy, we will end up with a NASA that has been demoralized and thrown into a chaotic organizational situation at the same time we are coming up with the space station redesign. We need to know when our subcommittee meets on June 10—we deliberately withheld that—where we are going to go, what this redesign is going to be, and whether it is worth funding. So we are concerned about whether you have the resources, because given what is going on in America, we are not happy with what is going on in America's space program.

Dr. GIBBONS. Senator, I share your concern.

Senator MIKULSKI. We are not happy with it because we are concerned about what is going on and that you do not have the resources to—you are obviously doing your best. I am not being critical of you. But once certain things went underway—do you understand what I am saying about NASA?

Dr. GIBBONS. I understand.

Senator MIKULSKI. We hear it from the workers at NASA, from the contractors at NASA, to the people who wonder where we are going and then who really is overseeing it, that the national objectives, the Presidential objectives are served, and that this space station review, that now we have advisory teams. We did not know who was going to be the Director and then some poor guy was ill, then the Russians walk out of the room and then it is a new initiative. Every time we turn around it is something new and nothing seems to be coming to closure. There are some things falling behind.

Do you have the people to make sure that this is going to happen, and also bring together some kind of coordinated space policy for the United States of America and tether NASA?

Dr. GIBBONS. You know, one of the problems is—I think quite honestly—that we have had to face, since January, a lot of things people knew were happening but had ignored. We really had not turned and faced the music squarely about what was happening with our space program, what was not happening with our space program, and what, in fact, was going to be needed if we wanted to move NASA to a lean, mean, efficient, well-oriented organization for the future.

SPACE STATION COST OVERRUNS

What we have found as we have examined the situation early in this administration is that the projected cost of the space station and the overruns that were a daily occurrence are almost a nightmare. One could let it go and crash by itself or take a heroic approach to see what one can do, focused by the shortness of time, and we appreciate the concern about shortness of time. We have taken what I would call a heroic approach to try to see what we could do in a short period of time to turn the situation around.

We have been working hard to try to understand parametrically what our options are rather than just to have a single number and a single proposal from the agency. Whether this succeeds or not depends a lot on what happens over the next several weeks, but I can assure you that it has been an extremely hard-working team within NASA. The advisory committee, chaired by President Charles Vest of MIT, has done an enormously effective job to this date. We will be meeting with them next week.

I can only assure you that we will be coming in June with what I think will be the most serious, candid, and open look at that situation that you will have received to date, whether or not it works. I think one former Senator called something a river boat gamble at one point, and I think what we have here is a chance to succeed, but the opportunity is fairly narrow. We are going to have to fit through a pretty narrow window.

Senator MIKULSKI. That is right. And, you see, part of my question is, Are you staffed up to do it?

Dr. GIBBONS. I am not sure that increased numbers of people right now are what is needed as much as some wisdom about using our time most effectively in the coming weeks. I hope that is the case.

Senator MIKULSKI. I know my colleagues have questions along these lines.

Senator Kerrey.

MEASURES OF SUCCESS FOR SCIENTIFIC PROGRAMS

Senator KERREY. Mr. Gibbons, let me say first of all, thanks to accidentally drinking a cup of coffee that was fully caffeinated I read your opening statement last night and it is a very ambitious agenda, to say the least. I appreciate most of all your indicating that there is a measure that we can use for success. I think it is terribly important in the area of science to say up front what it is that we are trying to do and then to indicate what the measure of success is.

I will read it to you, I assume I do not necessarily need to, but it leads into what I would like to talk about. You say that the measure of success, the most important measure of success, will be our ability to make a difference in the lives of the American people, to support science and direct technology so they improve quality of life and the economic strength of our Nation. It is very important, it seems to me, to put that out there as you have just done because far too often, regrettably, the application of technology sometimes does not improve the lives of people as a consequence of our simply assuming that somehow we can just let nature take its course and things will work out.

In that regard, Mr. Gibbons, in 1920 fewer than 10 percent of the American people were working in information and education activities. It is estimated that will be two-thirds by the year 2000, that is two-thirds of an estimated 133 million people in the work force in the year 2000.

As someone who was an original cosponsor of Senator Gore's high-performance computing initiative and so-called Gore-2 last year, and as someone who has initiated legislation calling for the development of electronic libraries, and as one who has visited hardware and software companies and watched what is going on out there in the private sector, I want to emphasize that I suspect something you already understand, that is that we have got to get these applications and the understanding of what these applications can do to the American people.

There was an article in yesterday's Wall Street Journal that you perhaps saw, written by Walter Mosberg. Unfortunately for Mr. Mosberg he also put his address in there and I suspect he has been deluged as a result. But he had an article in there talking about the InterNet. For those of us who have seen it, it is a wonderful technology. It is a terrific example of Government in 1969 starting something that has become tremendously useful. But, as this thing points out, it is primarily useful to people who are adept Government agencies, colleges, universities.

I got on it a couple of weeks ago. Like tax bills around here, they originate in the House, I have to drive my messages out through the House of Representatives. It takes some time to get it done and it is a very crude interface, I must say. But individual people out there, for the bulk of people out there, there are some costs and effort required, and I think we have got to demonstrate, as I said, that this technology can really make a difference in every citizen's life.

You noted in your testimony under the discussion of earmarks that you were concerned about some of the growing earmarking that is going on in Congress.

Dr. GIBBONS. Yes.

EARMARKING RESEARCH FUNDS

Senator KERREY. I fully confess I represent a State that is not in the so-called large research universities that not only get the bulk of the research but also provide the peer reviewers to review the applications themselves. Itself is sort of a suspect activity. I appreciate that those universities are suspect of earmarking, I am just as suspect of that kind of activity and it seems to me that we

have got to figure out a way to get these grant decisions made in a way that taxpayers trust that are working.

I am going to call to your attention that you have a mechanism in place called Epscor. This committee is very responsible for pushing NSF, promoting it not just with NSF but promoting it with other agencies. I call your attention to it, Mr. Gibbons, because it has, in fact, worked. It has forced our State university to make not only competitive decisions, but to do very real, not phony but very real collaborative work with other institutions of higher education as well as the private sector. The NSF has done a very good job of going out there to the university and saying, Here is what you must do in order to satisfy our requirements. It has opened the entire research process up, which I think is, as I said, very valuable in that the people themselves have a chance to look at them.

I would appreciate your telling me if you are aware of the Epscor effort and whether or not you intend to be an advocate for Epscor with other agencies.

Senator MIKULSKI. Dr. Gibbons, before you respond, if you would hold for a second.

Senator Kerrey, I want you to pursue this line of questioning. It is something that is very interesting to me. I want to excuse myself and ask Senator Feinstein to assume the Chair, and then also after your questioning to pursue her own and wrap up. I appreciate the committee's support. I have got to handle some other things that are coming up in this subcommittee.

Thank you, Dr. Gibbons. We look forward to working with you.

Dr. GIBBONS. Thank you. I am familiar with Epscor, not as much as I hope to become, but I am impressed with this as a model of how one can deal with this very difficult and challenging subject. I would hope that we can not only use a mechanism like Epscor, but also continue to evaluate it and measure its successes and then translate that into other ways of trying to get at this business of maximizing the utility of our research investments. It is an excellent example and there are not many examples like it.

Senator KERREY. It has a number of very positive secondary benefits. The most important one for me is that it opens this whole process up by forcing the institutions of higher education to make decisions about what their priorities are.

Dr. GIBBONS. That is right.

HIGH-PERFORMANCE COMPUTING

Senator KERREY. Can you comment on the high-performance computing initiative and the applications?

Dr. GIBBONS. Well, the high-performance computing initiative is, I think, moving along very well in several ways. One is that the role of the Federal Government is to try to help insure that the capabilities, not just the hardware but the very fancy new kinds of software required for massive parallel processing, continue to receive public support that helps undergird progress at the generic level. We have a lot of competition in this area, especially from Japan.

On top of that lies our concern about providing an opportunity for development of a national information network for high-speed data, voice, and other transmissions to occur. We are trying to ac-

celerate the rate at which wide band communication nets are put in place. The Federal Government won't build it, but the Federal Government can provide an opportunity for the infrastructure to develop through private investment.

Perhaps an even more essential Federal role is to make an investment at the end of these highways. We want to help users understand what they can do to take fullest advantage of this new opportunity, whether it be in health care delivery or the delivery of Government services or in education. We are going to focus a lot of attention there through grants and other joint ventures. End-users should know how to use and enjoy this highway that is going to be in their neighborhood pretty soon. Helping develop the demand for this new infrastructure is, I think, a terribly important Federal investment, in addition to the hardware itself.

SCIENCE AND MATH EDUCATION

Senator KERREY. I have mentioned it at the same time that I have discussed the earmarking, Mr. Gibbons, because some of the criticism of it is that the universities have absorbed large amounts of the money in this initiative and we have not necessarily got much demonstrable benefit at this stage. I know it is very early in it and as somebody who was an original cosponsor of it, I have an intense interest to make sure it works.

Let me just move into another area that to me is extremely important, that is science, mathematics, engineering and technology education, your SMETE initiative. We also—this subcommittee pushed the National Science Foundation to expand State systemic initiatives in mathematics and science. I call it to your attention because it is working to elevate public awareness.

It is exceptionally difficult. It is difficult because it requires people who typically have not been involved in political effort—teachers, principals, private-sector people that have typically let other folks take care of politics—it requires them to get involved in political effort for the purpose of improving mathematics and science education, and it has been very interesting and somewhat at times satisfying to me to watch the people at the community level work their way through political disappointments.

That is to say they are discovering that very often decisions are not made unanimously and they sometimes find themselves in the minority and then have to answer the question, having decided that I want to get this thing going do I drop out because I now find myself in the minority. It has been a very interesting process of empowering people to make decisions about what they want to do, but it is an exceptionally difficult process.

I hope again that if you are not aware of it that you will get some knowledge of it because I think it is very consistent with what the President and the Vice President are trying to do. It is very much community based, it is very, very difficult to do, and my hope is that we are able to continue with relatively small amounts of money with a requirement to be matched at the local level, that we are able to continue this effort.

Dr. GIBBONS. I agree with you, Senator. We must realize now is a time of exploration. We need to explore very carefully what can be done, for instance, in distance learning in the virtual class-

rooms. It is a national issue involving a ubiquitous technology, and there is every reason for the Federal Government to be a partner with the local school systems. We should participate in trying out some ideas and evaluating this process as it goes along, and then in transferring that learning experience, both the goods and the bads, to other situations.

I think you are absolutely correct that in doing so we are going to encounter the realities of people that have not had experience in this area before and it is going to take a lot of work.

PUBLIC SCHOOL ACCESS TO COMMUNICATIONS TECHNOLOGY

Senator KERREY. I would finally call to your attention an effort that we have in place where what we are trying to do is reduce the barriers for our public schools to participate in communication technology. And very specifically we are in discussions now with the local telcos about getting them to assume responsibility for three of the four big charges.

Those charges are: we would like by next fall to have every classroom in the State with a data line. Second, we want some flat rate fee for the transmission of educational data. Third, we would like to get work stations in those classrooms as a part of customer premise equipment. Those three are exceptionally expensive and very difficult to do on a school-by-school basis. So we are asking the phone companies—and by the way the cable companies—to participate in doing this. We would like the environment to be competitive and we are not trying to prejudice which technology, including, by the way, direct broadcast which we probably will have some use of.

The last piece, the training part we think should be a part of the property tax, general tax payment. We have got to accelerate the deployment of this technology out there in the community at the community level, and with 16,000 individual school districts—I suspect Senator Feinstein can tell you how difficult it is in the State of California in a recession for States and local government to fund these kinds of technology investments. We are looking for an innovative way to do it, that is somehow putting it in either as a tax on telephone and cable or some fee on telephone and cable, or perhaps in the rate base itself, to get that done.

As a part of that, Mr. Gibbons, I do see the idea of an electronic library being a very important piece. The library has the advantage of being open 365 days a year. It has the advantage, as well, of being an institution that allows me, without having the private school-public school debate raging, it allows me to simply say that we are going to try to provide a variety of different services. The technology today gives us the ability—I do not know if you saw a couple of days ago Blockbuster Video and IBM announced a central file service system that they are going to use to deliver CD's into stores so that you will be able to get whatever video you want.

My fear is that the late 20th century library in the public arena is becoming the video store. So this electronic library idea is to say there is a public purpose here of trying to provide to the schools and to parents in the home a method whereby they can advance on the curricula that has been established, whether it is math or science or history or whatever the subject matter is.

And in that regard one of the ways that you all can help, that you can help in particular, is that we are going to need to provide some Federal partners. Let me get very specific with you. We have a couple of physics teachers that are gifted. They were born as teachers, they have fortunately overcome the low salaries that they get and still are in the arena of teaching physics, they are using minitels to send the kids home. We got the local telco there to donate, to hook them up into the InterNet. So they are doing this stuff actively. They have taken the class size from 50 to 250, one-half of the class are girls. They are using physics to teach history, to teach language, to teach other sorts of subjects. It is very exciting watching them do it.

However, I hesitate to put this in the record, but not too long do I hesitate, the kids as they score this thing come back and say the graphics suck. I say to you, Mr. Gibbons, that we have some Federal partners that, if we can figure out a way to make them available to these local teachers—I am thinking specifically of the Jet Propulsion Laboratory, the National Center for Atmospheric Research—where we have a large spending customer we have no difficulty getting them to produce spectacular graphics.

What I am trying to figure out is how can we partner this enormous Federal capability, and it is very exciting what JPL and NCAR do, and I am trying to figure out how we can partner that enormous Federal capability with these local heroes that are trying to teach and, by the way, do it in a fashion that allows the private sector to participate too.

OPENING UP GOVERNMENT

Dr. GIBBONS. You have made a number of very important points and I will just try in part to respond to them. I think there's a new spirit within the executive branch, reflecting the President's interpretation of why the people elected him, what they sent him here to do. Our charge is to make Government a much more open process and to make our resources much more widely applicable. We don't want our agencies with big labs 100-percent focused on agency missions; we want them to understand in addition to the agency missions they have a broader responsibility to be a part of their communities, to be a part of the local and regional economies.

And that increased openness, it seems to me, gives a great opportunity for doing just the sort of thing you speak of at JPL. It reinvestigates the notion that they are parts of the community, not just a separate entity there.

I hope that this also will show up in the way we are organizing the FCCSET committee on math and science education. We find, for example, a lot of excitement now about the Department of Defense and their extraordinary capabilities and experience in education, training, simulation, and graphics, which have never really been known to the Department of Education or to other organizations.

So what we are trying to do is, just to start with, make sure these broader opportunities and responsibilities are integrated across the Government. In doing so, we provide a much more user-friendly environment for people at the local level to tap into that

experience and become partners with the Federal Government in trying these things out; see how they work.

We have had some very interesting feedback from Silicon Valley, of course that is computer heaven, where the local business people have been working with the school systems. Their efforts provide some extraordinary instances of kids who, empowered by access to this kind of technology, have their self-esteem transfigured.

I think we have an enormous set of opportunities that, as you underscore, at very low cost, aid and abet people at the local level. That is what we aim to try to do.

Senator KERREY. I appreciate that, Mr. Gibbons. My time is up.

Madam Chair, I have a question that I will submit for the record regarding defense conversion. The request for solicitation for proposals, I believe, are going out today. I still have a great deal of confusion about what the guidelines are and what sort of projects are being identified as priority, and this particular question deals with that.

Senator FEINSTEIN [presiding]. Thank you, Senator Kerrey. Excellent questions.

Dr. Gibbons, I am really delighted for this opportunity because you are the main man of these hearings as far as I am concerned.

Dr. GIBBONS. Thank you, Senator.

SPACE AND AEROSPACE IN CALIFORNIA

Senator FEINSTEIN. I want to just speak for a moment and hope we can have an informal dialog for a moment as a Senator from California because what you do with space and technology is going to be extremely important for the future of my State. I think you know that.

This morning I was interested to read in the newspapers where Secretary Aspin has apparently made a decision to set aside the SDI and Brilliant Pebbles programs. Obviously this takes the Nation toward a ground-based system rather than a shield, so it makes a very different focus. I am one that—we have a lot of high technology, biotechnology, medical technology, space and aerospace in California—and I am one that is very hopeful that within the next few months in your advice to the President that you will be able to come up with a tightly coordinated and directed space policy for our Nation so that we know where we are going.

I would like, just for a moment, to concentrate on that, and ask you if you would be willing to respond to that, as to how long do you think it would take before we can get this aspect of an economic growth strategy in place for our Nation?

Dr. GIBBONS. Well, it is an excellent question and a very timely one. Space policy is something that I did not anticipate would be one of my jobs when I came to the White House, but I undertook it willingly in light of the President's concern about streamlining and fitting Government better together. We do see space, not as a goal in and of itself, but as a means to a variety of ends, whether it be research, exploration, observation, assurance of national security, a lot of means to a lot of ends.

As we assume the functions of the Space Council, we are trying to provide, first of all, as I mentioned earlier this morning, top attention to working up a set of options for the President and the

Congress on the future of the space station. Not just costs and accommodation to our foreign partners, but also a sense of what are the important priorities.

Senator FEINSTEIN. But will that be one specific aspect of a space policy?

Dr. GIBBONS. One specific piece. It is using in a sense triage, that that demands the first attention. In parallel we have been negotiating with the National Security Council about how to handle our joint responsibilities for issues involving national security.

What we are trying to do is to arrange it that the so-called black programs of space, or national security reconnaissance satellites and the like, are primarily handled by the National Security Council, and that as one moves away from the very highly classified work toward the dual use and civilian, then the central responsibility will be in OSTP. So we will have a joint responsibility, but tradeoff in a natural way.

One reason we are doing this, Senator, is because we are finding out, and I think this will be confirmed in a major study this summer, that a largely overlooked opportunity exists for us to combine the activities of our military classified satellites and our unclassified civilian sector satellite needs. We can feed the two systems together and do a lot more for the dollar that way than we could possibly do if we continue to go these separate and, therefore, wasteful paths.

That is one of our goals this summer: to integrate as best we can the military and nonmilitary uses of space in a way that we have not done it before. So I think that is a start.

We want to reemphasize the additional roles of NASA that go beyond space and, in a sense, come back to Earth—in their areas of aeronautics, for example. Also advanced robotic systems, in which they have a lot of capability, I think, have been given, at best, second order attention lately, and resources for it are dwindling because of the demands for the space station. If we can create a space station that can stay within a limited budget, then we will have an opportunity to really focus some of these same assets on the very important emerging needs in aeronautics.

So those are the beginnings of a process that I would hope would culminate in a much more coherent sense of what we are doing there. We are not there just to go there. That is not good enough. We need to be talking about why we want to go there and what we want to do when we get there.

SPACE STATION REDESIGN

Senator FEINSTEIN. Could we speak for a moment about the space station and about the changes that have been made? I think the fact that it is a little bit like looking at a kaleidoscope—every time you look at it it changes a little bit, and yet for my State space station *Freedom* is a very important project. It is also important, I think, to be realistic. Do you feel that it is realistic to believe that a handle can be gotten on the cost and the design and the specific feature elements of the program that can keep it on budget, on time, so that the launch schedule is realistic?

Dr. GIBBONS. I hesitate in responding while I try to put together my thoughts on this situation. As you know, we are trying to do

some things very rapidly after probably a dozen years of not thinking very carefully about this business. And in a few months there is a limited amount one can do. But I do have a feeling that the way the study is coming together that we will have, in my mind for the first time, a sense of what one can do at lower cost and what one can do to lower the cost of this venture of an extended presence in space.

We are doing two things. One is to see what we can do with alternative basic designs taking off from *Freedom* but moving to some number that is less than—if you look at the real numbers on *Freedom* it is probably more than \$20 billion. So as you move back down the line to a number that you could fit into a reasonable budget and leave enough room for aeronautics and other things, the question is what sorts of things can you build for less money. If we are a bit daring and imaginative and use the best we can of the assets we already have with *Freedom*, and the best we can of assets developed for military satellites, we might be able to combine them in a way that gives us an incremental way to move toward the sorts of things we are talking about with *Freedom*.

Senator FEINSTEIN. Can you be more specific?

Dr. GIBBONS. Well, there are several options. I think one of the most interesting options is to scale down *Freedom* in size. This has been proposed in the past and we know a lot about that process. Another option is to try to make maximum use, for instance, of the power systems, the other elements that have been developed for *Freedom*, the heat exchangers for example, and use more effectively the shuttle on site for instance instead of a habitation module.

Some other ideas that would enable us to not have necessarily permanent human presence there, but to be able to come and stay for extended periods of time, leave experiments in process while we go back to the Earth, then return again.

Senator FEINSTEIN. That is the mission, after all, to have a permanent presence in space.

Dr. GIBBONS. Well, it is more than that. If we just focus on—

Senator FEINSTEIN. Which will throw off some viable achievements.

Dr. GIBBONS. Well, we hope so. I think in earlier times we focused too much on the space station as the first step to go to Mars. And I think if you look at the numbers instead of the rhetoric of going to Mars with humans, that you would be easily persuaded that that may be something for our children or grandchildren to try to do while we try to figure out how to get wealthy enough for them to be able to afford to do it.

So it seems to me that we are focusing more on the station as a way, surely with people there, to learn a lot about human physiology, but to focus on materials, on the unique properties of weightlessness, and extended scientific experiments and observations in that arena. So it is biological systems more than just people, and it is materials that we would like to focus on as the place that we would spend much of our attention in this.

I did not want to dwell on this.

OBJECTIVES OF THE SPACE PROGRAM

Senator FEINSTEIN. I think this is important because the question becomes, as you scale it down, can you make the kinds of scientific advances that have a peacetime, you know, commercial and human application in the world that is consequential, or do we spend all this money and not get the bang for the buck, so to speak?

Dr. GIBBONS. I think you are absolutely on target and I would be pleased, Senator, to send to you, in case you do not have it, a letter I recently wrote to the Space Station Advisory Committee that gave them our sense of what sorts of priorities they should place on the design, in other words the criteria for choice, that we want it to do the following things. I would be happy to supply that to you.

Senator FEINSTEIN. I would be most grateful if you would. This is a big project for my State.

Dr. GIBBONS. Of course it is.

Senator FEINSTEIN. And so I would like to stay as close to it as I possibly can to understand the permutations that the program is going through and why it is going through. Is there any one feature, Doctor, that has made it so difficult to really come to grips with a consistent line that is constant with respect to dollars?

[The information follows:]

LETTER FROM JOHN H. GIBBONS

APRIL 30, 1993.

DEAR CHUCK: Thank you for your letter of April 9 requesting a statement of the Administration's first-level objectives for the space station and its strategic goals for the civil space program. I have attached our first-level objectives for the space station and look forward to discussing them with you and hearing how they were received by the Advisory Committee. As the Administration is currently formulating its strategic goals for the civil space program, I am not able to send you a definitive answer to that question. I would like, however, to share with you some preliminary observations on the subject.

The President's 1994 budget demonstrates this Administration's strong commitment to the civil space program. In the future, we will work to ensure that all the resources dedicated to the civilian space program are well-managed and focused on issues that are critical to the nation. First, the space program should create new knowledge that will contribute to our understanding of our environment and of our place in the universe. Space systems, with their unique vantage point, provide an indispensable tool for understanding how human actions influence the complex workings of our planet. Similarly, space science and robotic planetary exploration can provide us with otherwise unobtainable knowledge and insights regarding both our home planet and the universe in which we live. Research that expands the bounds of our technology can also provide new capabilities that contribute to our economic strength.

The space program can also make an important contribution to the U.S. economy. Prudent, industry-led investments in aeronautics and space research can provide important assistance to the aerospace industry and to other industries, which can, in turn, make significant contributions to the U.S. economy. For example, past government/industry cooperation in aeronautics and in satellite communications has helped to achieve and sustain U.S. leadership in these critical areas.

International cooperation in space activities can help the international community move beyond the Cold War. Working with our existing partners in Europe, Japan, and Canada, and with Russia 'and other parts of the emerging democratic world, we can forge additional relationships that contribute to global peace and prosperity. International cooperation in space science, exploration, and commerce can provide all important lesson on how nations, working together, define challenges and solve problems that no one nation alone could accomplish.

The space program also has an important role in helping to generate and sustain interest in math and science education. The excitement generated by the space program can be used to interest young people in math and science education. This interest can not only help create the scientists, engineers, and educators that are the key to the future economic competitiveness of our nation, but also increase the understanding of science and technology by tomorrow's adults—a critical need for the continued strength of our democracy.

Finally, human space flight is and will continue to be a significant element of our domestic and international space program. Humans can make a unique contribution, as part of a balanced program of robotic and human exploration, to our scientific and technical knowledge, as well as our understanding of the benefits and limitations of humans living and working in space.

I hope these brief thoughts will be useful in helping you to focus your work. I look forward to discussing these issues with you and to receiving the final guidance from the Advisory Committee.

Sincerely,

JOHN H. GIBBONS,
Director.

SPACE STATION PROGRAM OBJECTIVES

Create the capability to perform significant long-duration space research in materials and life sciences.—As measured by, for instance: power and other resources available to payloads; experimental racks and other user equipment; crew time for research activity; microgravity level; experiment duration; and utility for research between crew visits.

Develop the technology and the engineering skills necessary to build and operate advanced human and autonomous space systems.—The construction of the space station is an engineering and technology development effort that provides a worthy challenge for our national technical talents.

Encourage international cooperation in science and technology.—Retain participation by the current international partners; consider, but not limit, redesign options to those accommodating Russian participation.

Provide opportunity for new users; particularly industry users, to conduct experiments on new, commercially relevant products and processes.—Fully utilize existing aerospace industry capabilities and products where sensible; ease entry by non-traditional space users.

Acquire new knowledge regarding the feasibility and desirability of conducting human scientific, commercial, and exploration activities.—The value of future commercial and scientific space station facilities and the practicality of the future human exploration of the solar system depends, in large measure, on the effectiveness of humans in space, and on the effect that long-term presence in space will have on their health and their capabilities.

Dr. GIBBONS. One of the first things we are having to do is to understand what was or was not in *Freedom's* budget. For instance, a small example, *Freedom* is a very, I would say ambitious design. If you look at it seriously we found no one who said you could do that without some kind of rescue vehicle capability. *Freedom's* budget has nothing in it for a rescue vehicle. So you have to look very carefully at what we mean by *Freedom's* budget compared to alternative budgets, and that is being developed as part of this study so that we are comparing apples with apples and oranges with oranges. That is No. 1.

No. 2, we have to ask ourselves not only what might be done using all we have learned now to transform this into an affordable activity, but just as importantly, it turns out, is what can we do with operations, administration, and management within NASA that will enable us to lower the extraordinary carrying costs that NASA has. And that turns out to be a very big number, the so-called operational, out year operational costs.

Senator FEINSTEIN. What is that number?

Dr. GIBBONS. Operational costs are estimated to be approximately \$24 billion over a 10-year period.

Senator FEINSTEIN. To 2000?

Dr. GIBBONS. It is to the early part of the next century.

Senator FEINSTEIN. Staff tells me it is \$1 billion a year.

Dr. GIBBONS. That is probably a good round number because that gets us from now until about 2010. What we are hoping to do is to show whether you could cut that number in half, and if you cut it in half what does it take to do it. Because if you think about a space station versus the kinds of things we have been doing in the past years, it probably tells you that NASA itself needs to be transformed, and its contractors. So there are large implications on the structure of the organization itself as we move from what we have been doing in the past to what we want to do in the future.

So we have two things we are trying to report to the President and to you about in June. One is what can we do with the station in the physical sense, and what can we do in NASA and in terms of the operational sense downstream. Both are very important numbers.

BANG FOR THE BUCK IN R&D SPENDING

Senator FEINSTEIN. Based on your studies to date can you take the big scientific and technological projects of this Nation in terms of bang for the buck and prioritize them at this stage?

Dr. GIBBONS. It is a very interesting question and a challenging one because as the President pointed out to us the other day, he asked that very question. He said, "Can we take the \$76 billion and say what it says, How does it relate to our concerns and priorities?"

Senator FEINSTEIN. Right.

Dr. GIBBONS. It has been done in bits and pieces before, but no one has really ever taken that kind of top down look at that \$76 billion. So we told him we would try to undertake that and we are now working with OMB and other agencies in trying to structure a way of being able, for the White House and for the Congress, being able to look at the total Federal S&T budget and see how well it relates to our national goals, and to see how good the match is or is not.

Senator FEINSTEIN. And you will be able to suggest priorities?

Dr. GIBBONS. Out of this it seems to me some priority changes or some changes in direction will manifest themselves quite clearly. And I do hope we will be able to do this in the coming months. It is not an easy task, but we have done enough preliminary thinking about it to believe that we can have some things to say about it this calendar year.

Senator FEINSTEIN. I do not want to keep you, but I do want to say that in terms of the future of this Nation I think what you are doing is so important, because I am one that really does believe that science and technology provides a lot of human dividends if we are smart enough to know how to structure it to do it. And it seems to me that that is the challenge. What concerns me the most is that people forget all about science and technology and say, "Well, you know, that is for another day, we cannot worry about it now." And not to worry about it is a terrible mistake. So I think what you are doing is so important. I want you to know that I am very interested and that I view a lot of the well being of my State as really dependent on the work that you do.

Dr. GIBBONS. Thank you, Senator. We are going to work very hard to try to fulfill our obligation and our mission, and we very much appreciate both your interest and your support. Thank you very much.

PREPARED STATEMENT

Senator FEINSTEIN. Senator Alfonse D'Amato has requested that his prepared statement be made a part of this record and, without objection, it is so ordered.

[The statement follows:]

STATEMENT OF SENATOR D'AMATO

Madam Chair, I commend you for convening this hearing today to review the FY 1994 budget requests of the Consumer Products Safety Commission, Office of Consumer Affairs, Consumer Information Center, Neighborhood Reinvestment Corporation, Court of Veterans Appeals and the Office of Science and Technology Policy. I am especially pleased to welcome our witnesses from these agencies.

I am interested to hear from our witnesses from the consumer-related agencies—Ms. Jones-Smith, Ms. Faley, and Ms. Nasif—with regard to how their agencies intend to fulfill their mandates to protect American consumers while dealing with pressures to downsize their staffs.

I am equally interested to hear Mr. Knight discuss the Neighborhood Reinvestment Corporation's efforts to revitalize neglected neighborhoods and bring affordable housing opportunities to families in these areas.

I also look forward to hearing from Chief Judge Nebeker regarding the budget request of the Court of Veterans Appeals which provides all Veterans with an appropriate forum in which to have their appeals heard.

Finally, I am pleased that Dr. Gibbons is here from the Office of Science and Technology Policy to discuss OSTP's budget needs. I am interested in the work that OSTP has done in the area of improving math and science education and would hope that Dr. Gibbons will discuss some of the goals set forth in the "Pathways to Excellence" report and what this subcommittee can do to help OSTP attain these goals.

Madam Chair, I thank you again for convening this hearing and look forward to hearing from our distinguished witnesses.

Thank you, Madam Chair.

ADDITIONAL COMMITTEE QUESTIONS

Senator FEINSTEIN. We will submit the balance of the questions for response in the record.

[The following questions were not asked at the hearing, but were submitted to the Office for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR MIKULSKI

SPACE STATION

Question. Timing. Will the Space Station re-design process be completed in time for the Subcommittee's June 10th hearing?

Answer. NASA's Station Redesign Team will finish its work and report to the Advisory Committee on June 7. The Advisory Committee will deliver its final report to the White House on June 10. Both activities are expected to deliver on schedule.

Question. Science value. There is concern that the redesign effort is being driven too much by the total "cost" of the station. I'm concerned that there's little attention being paid to building something that has a real science lab for microgravity and biomedical science. Will the Administration recommend a real station to the Congress—one that has scientific capability far greater than what is now available on the shuttle?

Answer. One of the key concerns of the Redesign Team and the Advisory Committee has been to design a space station that could support long duration research goals in materials and life sciences. This will be an important consideration in our final decision on the space station.

Question. President's personal support. Will the Station redesign have the President's personal support—where he publicly pushes for Congressional support for this program?

Answer. The President is committed to building a space station, but one that is well managed and does not unnecessarily consume resources that could be better spent on science, technology, and space projects that will benefit our economy. That is why the President requested that the space station be revised to significantly reduce development, operations, and utilization costs while achieving many of the current goals for long-duration research in materials and life sciences.

TECHNOLOGY POLICY

Question. Outcomes. We're impressed with the Administration's commitment to a technology policy. When will we see particular milestones by which we can concretely evaluate the various FCCSET technology initiatives?

Answer. Some of the initiatives in the President's technology policy lend themselves to clear goals, schedules, and milestones—for example, the clean car initiative and the initiatives for advanced high performance computing and communication networks. The technology policy also includes a much greater emphasis (than in prior years) on cooperative, cost-shared R&D projects between government and industry that can promote U.S. competitiveness. The Administration is developing performance and evaluation measures for these R&D projects, based on measures that the National Institute for Standards and Technology has already developed for its cooperative Advanced Technology Program.

Question. Interagency cooperation. How are you going to change the FCCSET process so that OSTP can really get agencies to live by interagency agreements, working toward broader goals and objectives than any agency's individual needs?

Answer. President Clinton and his Administration are wholeheartedly committed to the idea that technology is the engine of economic growth, and that government technology policy plays an essential role. In this atmosphere, agencies will have a much stronger incentive to cooperate in making technology policy effective than in previous Administrations, which neglected technology policy. OSTP and OMB are working closely together to make sure that agency efforts are directed toward the Administration's broad goals and objectives.

Question. Defense Conversion. Concern has been raised that all of ARPA's fiscal year 1993 Defense Conversion funding (called the Technology Reinvestment Project) is proposed for areas that have no commercial relevance anytime in the next decade. Defense firms need projects and market sooner than that. What will you do to provide more flexibility in this project?

Answer. It really is a misconception to think that the TRP has no relevance anytime in the next decade. At least half of the \$470 million for TRP investments in 1993 are for technology deployment—activities that help small firms use technologies to improve their ability to do business in the commercial world. Some of TRP's industrial extension services are specifically targeted to defense firms that are trying to get into or expand commercial production. Some of the deployment activities could begin to pay off in as short a time as months, not years.

The remainder of the program—about \$50 million for manufacturing engineering education and nearly \$200 million for cooperative R&D projects cost-shared with industry—have longer term benefits, but certainly should begin to pay off in less than a decade. There is a strong emphasis on practical prospects for commercial success in the criteria for selecting proposals for cost-shared R&D. Moreover, each proposal must include evidence that the proposed activity will be commercially sustained within five years.

MARYLAND AND CLINTON TECHNOLOGY POLICY

Question. Point: Follow-up to your Space Business Round Table Speech. Maryland firms are excited about the Clinton Technology Policy. But they need to know what it contains so they can identify the "targets of opportunity" for which they should try and compete. Would you be willing to brief the "Fortune 500" of Maryland on what's in the Clinton Technology Policy and participate in a roundtable to help them understand what targets of opportunity exist for them?

Answer. Of course. Only constant communication with the private sector can ensure this Administration's programs are truly responsive to the needs of the Nation. I would welcome an invitation to meet with such a group.

FUTURE OF NSF

Question. I have worked hard to get NSF to focus more of its research activities on strategic objectives. As our economy changes, and the President lays out broad national goals, our science community must be willing to support those objectives.

I'm concerned that with Dr. Massey's departure, and the void caused by not having a new NSF Director, the Foundation may revert back to some of its old bad habits. When will we have a new NSF Director?

Answer. Selection of an NSF Director is a high priority for the Administration and has occupied much of my time in the past few months. We share your sense of urgency and I have confidence an appointment will be made quickly.

Question. Will you assure us that you will support our efforts to make NSF more of a player in the nation's technology policy?

Answer. We will, indeed, work with you to ensure NSF is an effective agency with a clear mission to help implement the Administration's science and technology policies.

USE OF CONSULTANTS

Question. You're requesting \$140,000 for the use of consultants. No funds were requested for this purpose last year. What specifically will you hire consultants to do?

Answer. We will use the requested funds to contract with individuals for expertise unavailable within our small, in-house staff and needed quickly and for a relatively short term. The funds are requested to fill a type of need that can be anticipated, but we cannot say this far in advance specifically what needs will arise.

DOD-NASA SPACE COORDINATION

Question. There has been tremendous conflict between NASA and the Department of Defense in numerous areas of space policy—who should be in charge, who should pay, and which individual agency mission should take priority. Since OSTP is taking the place of the Space Council, will you mediate these kinds of disputes?

Answer. OSTP, with cooperation of the NSC, will have responsibility for guiding the development and implementation of space policy, and I will mediate disputes when necessary. However, if our interagency process works properly and the President's emphasis on dual-use is taken to heart, disputes that cannot be resolved between the agencies should be minimal.

Question. Will you have the authority to tell DOD's space officials to comply with your decisions (the same way that Vice President Quayle did during the Bush Administration)? If not, how will NASA have equal leverage with DOD in interagency conflicts over space policy?

Answer. OSTP will assume the authorities, as well as the responsibilities, of the National Space Council. When we convene the agencies with an interest in space policy, our common goal will be to link space science and technology to national goals, and no single agency's mission will take precedence.

QUESTION SUBMITTED BY SENATOR KERREY

DEFENSE CONVERSION FUNDS

Question. The solicitation for proposals under the defense conversion program is scheduled for publication today. According to preliminary information packets and a number of meetings around the country, a wide variety of possible activities including information infrastructure, health care applications, digital libraries, etc., may be eligible for funding. Yet, people tell me that there is a great deal of confusion over what is really permissible and what is not and that there are many, many hoops to jump through. What exactly are you looking for in the program? Is there any way to clarify this?

Answer. As I mentioned, there are three kinds of technology programs included in the Technology Reinvestment Project: manufacturing engineering education, with funding of about \$50 million; technology development, or R&D, funded at nearly \$200 million; and technology deployment, with funding of \$220 million. All the programs require cost-sharing, but the participants in the three different programs are likely to be rather different.

For manufacturing engineering education, the likely proposers are universities and community colleges, sometimes teamed with eligible firms (eligible generally means firms that conduct substantial research, development, engineering, and man-

ufacturing in the United States). For technology development, proposers must include at least one eligible firms (in some cases two). Other participants may be non-profit research organizations, universities, Federal labs, or State government agencies. The proposers for technology deployment programs are likely to be State or local agencies, universities, or nonprofit organizations.

There is quite a long list of technology development areas in which proposals are being accepted—eleven in fact. All of them are dual use, meaning they have both military and civilian applications. It is a broad list, but to me that means that a wide variety of firms and institutions are eligible, which seems all to the good. The TRP, to my knowledge, has tried to keep the proposal process as simple as they can, consistent with making it fair, competitive, and merit-based. ARPA and the four other agencies in TRP have put out an explanatory booklet that gives instructions and examples in plain ordinary language. If proposers have further questions, they can call the 1-800-DUAL USE number. Thirty enthusiastic, well-trained people are at the other end of the phone, ready to answer questions from 8 in the morning till 7 at night, Eastern Daylight Time. Sometimes it is hard to get through; thousands of proposals are pouring in. But these folks are doing their best to give straight answers to any question that comes in.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

Question. The Executive Summary of the report, Pathways to Excellence, suggests the need for additional budgetary resources to meet the goals of your strategic plan to assure math and science competency among all students. Can you give us an estimate of what additional funding will be needed over the next five years?

Answer. Achievement of the science, mathematics, engineering, and technology education goals enumerated in the Strategic Plan, "Pathways to Excellence," requires a significant national investment for curriculum, course, and instructional materials development, teacher training, and technology enhancement.

At the present time, the Department of Education, the National Science Foundation and the other agencies that make up the Committee on Education and Human Resources (CEHR) of the Federal Coordinating Council for Science, Engineering, and Technology (FCCSET) are working with the Office of Management and Budget to finish the fiscal year 1995 budget requests. The final requests will be released in conjunction with the President's announcement for the entire fiscal year 1995 budget that will support programs needed to meet the goals.

During the coming year, CEHR, or its successor committee, will be developing comprehensive recommendations for programs in support of education and training.

Question. The report also suggests that there might be a need for changes in existing laws and regulations. Can you outline some of the legislative changes which might be required to carry out this strategic plan?

Answer. At the present time, the staff of the Office of Science and Technology Policy and the various agencies that participate on CEHR are working with the Congress on a variety of legislation that is intended to help meet the goals as set forth by "Pathways to Excellence." This legislation includes the National Competitiveness Act of 1993 (S-4), the Technology for Education Act of 1993 (S-1040), the National Information Infrastructure Act of 1993 (HR-1757), the Technology Education Assistance Act of 1993 (HR-2728), and the Goals 2000 Educate America Act (S-1030).

During the coming year, OSTP, CEHR, or its successor committee, and the agencies will continue to study this legislation and to examine it in terms of reaching the stated goals, and work with the Congress to identify additional needed legislation.

Question. In the report, a number of milestones are outlined that will be used to measure the success of this effort. One such milestone includes the training of 600,000 teachers, emphasizing those at the elementary level, through federal agency teacher enhancement programs. Will this training be designed to meet the variation in needs of teachers in different areas of the country and in various teaching environments? (i.e. will training be customized to address the needs of teachers in rural v. urban areas, suburban v. inner-city, teachers of disadvantaged youths?)

Answer. The milestone referencing the training of 600,000 teachers will be met by a comprehensive program designed to include the special needs of teachers from suburban, urban, rural, inner-city, and disadvantaged environments. This comprehensive program would then be tailored to different training situations.

SUBCOMMITTEE RECESS

Senator FEINSTEIN. Thank you, Doctor. Thank you very much. This concludes today's hearing. The subcommittee will stand in recess until Friday, May 21, 1993, when we hear testimony from nondepartmental witnesses on the fiscal year 1994 VA, HUD, and Independent Agencies appropriations bill. Thank you all very much.

[Whereupon, at 12:50 p.m., Friday, May 14, the subcommittee was recessed, to reconvene at 9 a.m., Friday, May 21.]

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT AND INDEPENDENT AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1994

THURSDAY, MAY 27, 1993

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10 a.m., in room SD-106, Dirksen Senate Office Building, Hon. Barbara A. Mikulski (chair) presiding.

Present: Senators Mikulski, Lautenberg, Kerrey, Nickles, Leahy, Burns, and Bond.

DEPARTMENT OF VETERANS AFFAIRS

STATEMENT OF HON. JESSE BROWN, SECRETARY OF VETERANS AFFAIRS

ACCOMPANIED BY:

HERSHEL GOBER, DEPUTY SECRETARY OF VETERANS AFFAIRS

D. MARK CATLETT, ASSISTANT SECRETARY FOR FINANCE AND INFORMATION RESOURCES MANAGEMENT

J.R. VOGEL, DEPUTY UNDERSECRETARY FOR BENEFITS

C. WAYNE HAWKINS, DEPUTY UNDERSECRETARY FOR HEALTH ADMINISTRATION AND OPERATIONS

JERRY BOWEN, DIRECTOR, NATIONAL CEMETERY SYSTEM

OPENING STATEMENT OF SENATOR MIKULSKI

Senator MIKULSKI. Good morning, everybody. The subcommittee will come to order.

Today we welcome Secretary Jesse Brown for his first appearance before this subcommittee to review the Department of Veterans Affairs' fiscal year 1994 budget.

On Monday, we will celebrate Memorial Day, when we pay tribute to America's veterans, and pay particular expressions of gratitude to those who have paid the ultimate sacrifice, and those who bear the prominent wounds of war. So it is fitting that today we discuss how we are meeting the needs of those who fought for our country.

Whether it is an aging World War II vet who needs long-term care and acute care, or a newly discharged vet who needs some help in buying his or her first home or getting a job, we want to make sure that the VA has the resources needed to provide those services and to ensure that promises made are promises kept.

Whether it was in the foxholes of Europe, the jungles of Vietnam, or the sands of the Middle East, or maybe even in the mountains of Yugoslavia, the benefits provided to veterans are earned.

Veterans have been asked to give a lot. They understand self-sacrifice for a greater good, better than any of us, and the Nation owes a debt of gratitude to them.

We are so pleased that the President picked Mr. Jesse Brown to head up the VA. Secretary Brown is a man who fought for his country in Vietnam and has spent his entire life fighting for veterans.

We recognize the incredibly difficult circumstances in which this budget was put together. The VA budget request is \$35.8 billion. It includes a \$1 billion increase for veterans' medical care. We congratulate you for winning this increase, when most agencies got hit with major decreases in order to fit the 1994 cap.

We recognize the VA medical system is at a crossroads. The President will soon announce his health care reform plan and we know that the plan will have significant implications for the VA and its 171 hospitals and hundreds of outpatient clinics and nursing homes.

While we know you cannot discuss the details of the President's plan, Mr. Brown, we want to discuss the broad issues that the VA will face in dealing with in preparing for the President's proposal.

Before I invite you to go ahead with your testimony and then follow with the questions, I would like to thank you personally for your quick response to the concerns that I raised on the issue of sexual harassment. Your quick-step, heartfelt response was very much appreciated.

Now, let us get on with hearing your views on the budget, and how we can work in a partnership to meet the needs of veterans.

SECRETARY'S OVERVIEW STATEMENT

Secretary BROWN. Thank you so much, Madam Chair.

I am delighted to be here this morning to present to you the 1994 budget for the Department of Veterans Affairs. I am deeply appreciative of the President's efforts to support a funding level for veterans' programs that is commensurate with their needs.

The President, in my judgment, has kept his word to continue the quality of health care at the VA. He has proven that his commitment to veterans was not simply campaign rhetoric.

The Department of Defense absorbed a 5-percent decrease in funding, while Federal spending for discretionary programs this year was, on an average, increased by only 3.3 percent. When comparing VA's funding levels with other departments across this town, we can say that we have done better than average, with an increase of 5 percent.

The VA has received a real increase of \$1.2 billion over last year's enacted level. Given current economic realities of our Federal budget, this increase is impressive.

As we consider the VA medical care system's role in national health care reform, a real \$1 billion increase has been provided to maintain current services.

VA will benefit from an increase of 2,500 FTE, of which 1,800 will be used to start or continue the activation of 4 satellite out-

patient clinics, 24 clinical additions, 20 nursing homes care units, and 9 modernization programs. The remaining 700 FTE also will go to augmenting the VA staff involved in direct care to veterans.

When considering the Government-wide pay freeze, we can say that this \$1 billion increase is more significant than funding increases received last year and, indeed, in the past.

While it is true that medical care has not been subject to the staffing reductions required by the President's executive order, we are supportive of this administration's efforts to trim the size of Government operations wherever possible. From the White House on down, many Federal agencies will be making reductions in personnel to achieve this goal.

Accordingly, the VA will be making a reduction of approximately 900 FTE in 1994 in our other accounts. We have made some very difficult decisions, particularly with respect to providing a moderate increase in benefits and cemetery staffing levels, while absorbing an FTE reduction in VA research and administrative support functions. We decided to target our limited FTE resources toward those areas which provide direct service to veterans.

Although research has taken a reduction, we are committed to this program, and recognize it as an important element in our efforts to provide quality health care. Even with the staffing levels VBA being maintained, the adjudication backlog continues to increase at an unacceptable rate.

Without maintaining the VBA staff at the 1993 level, the adjudication backlog would reach 1.2 million cases by the end of 1994.

We have asked veterans' organizations to work with us to find a solution to this problem. We asked them for their suggestions, with the belief that our customers could provide unique insight on what needs to be fixed and how to fix it.

We are already identifying improvements and changes to the process that can assist us in reducing this backlog. Changes such as reducing the pensioner income questionnaire by 75 percent will make available 244 FTE for adjudication of claims. Regionalization and consolidation of processing, following the successful example of the Montgomery GI bill process, will convert support staff to adjudication staff. Building on success with the Army, all the service branches may eventually provide us medical records in 10 days, rather than the current 65 days. And, of course, realigning our deployment of modernized equipment will further improve our benefits delivery system.

In closing, we are undertaking a review of all administrative activities to find more effective methods of managing the Department. We are committed to meeting the President's challenges of improving services to veterans with a more streamlined department.

Against the backdrop of a limited Federal budget, I would like to state how pleased I am with the funding level provided for in this budget. Our 1994 budget is respectable, and I am very proud to present it to you this morning.

Thank you.

Senator MIKULSKI. Thank you very much, Mr. Secretary. Your entire testimony will be included in the record.

[The statement follows:]

STATEMENT OF HON. JESSE BROWN

Madam Chair, members of the committee, I am delighted to be here this morning to present the President's fiscal year 1994 budget request on behalf of the Department of Veterans Affairs. I am deeply appreciative of the President's efforts to support a funding level for veterans' programs that is commensurate with the most immediate needs of our veteran population.

As we all know, the Federal government is operating within very tough budgetary constraints. Despite the overall austerity of the Federal Budget, the President's fiscal year 1994 funding request for VA reflects a relatively significant increase over last year's level, as well as a commitment to prudent fiscal management. In fiscal year 1994, the Department is requesting \$35.8 billion in appropriations, a \$1.2 billion increase over the fiscal year 1993 level.

For fiscal year 1994, we propose to invest a total of \$15.6 billion to operate the VA medical care system. This represents a real increase of \$1 billion when compared to last year's enacted level. These resources will enable VA to enhance the delivery of health care services while continuing numerous programs for our growing veteran population.

Within the Medical Care program, we will also seek an increase of 2,500 FTE, 1,800 of which will be used to start or to continue the activation of 4 satellite outpatient clinics, 24 clinical additions, 20 nursing home care units and 9 modernization projects. The remaining 700 FTE will also augment direct care to veterans.

At the same time, we are supportive of this Administration's efforts to trim the size of government operations. As a result, we will be making a reduction of approximately 900 FTE in 1994 in activities other than Medical Care.

We have made the very difficult decision to maintain VBA's and the National Cemetery System's staffing levels while absorbing the FTE reduction in VA research. The options presented to us were not easy. In the final analysis, we decided to target our limited FTE resources toward those areas which concentrate on providing direct service to veterans.

Another challenge confronting the Department is our role in creating a nationwide system of affordable health care. The rapidly escalating costs of health care is a crisis that threatens the security of every American family and business. Inflation in health care costs is also robbing government budgets of scarce resources. The President's National Health Care Reform Task Force is currently underway and will address the spiralling costs of health care. VA is playing an active role on this task force and I intend to promote VA as an active player and a possible role model for national health care reform.

In addition to examining our role in the area of National Health Care Reform, we are also looking closely at our own eligibility requirements for VA medical care, which are complex and difficult to comprehend. Frankly, this does not make good medical sense nor does it make good common sense. I plan to change this. We are examining various alternatives and I hope to report to Congress with my recommendations later this year.

VA is also engaged in a massive modernization project within the Veterans Benefits Administration. Our backlog of pending claims is staggering. The Court of Veterans Appeals is issuing decisions that require us to change the way we handle these claims. Currently, it takes nearly six months to a year to process a claim. Requiring veterans to wait up to a year to receive what they are rightfully entitled to is simply unacceptable. In addition to modernization efforts, we have also asked the various veterans' organizations to work with us to remedy this problem. We are enlisting suggestions with the belief that they will provide unique customer insight as to what in our benefits delivery system needs to be fixed and how to fix it.

As we reconfigure our benefits delivery system, we can not ignore the demands of our aging infrastructure. The magnitude and complexity of VA's health care delivery system requires constant and sustained capital investment. In fiscal year 1994, VA requests a funding level of \$860.8 million for the Major and Minor Construction Programs, as well as the Non-Recurring Maintenance and Repair program within the Medical Care budget.

I will now briefly summarize the fiscal year 1994 budget request for VA, highlighting significant budget issues for our major programs:

BENEFIT PROGRAMS

In the VA benefits program, this nation has without question the most comprehensive system to repay those who have contributed to our country with dedication and sacrifice. It is only fitting that the benefits program comprises the largest portion of this budget—reflecting 51 percent of our total budget authority request.

We have included appropriation language that will provide the necessary funding for payment of compensation and pensions benefits and eliminate the end-of-year funding shortages experienced in the past.

We have also proposed a cost-of-living adjustment (COLA), based on the change in the Consumer Price Index, to all compensation beneficiaries including Dependency and Indemnity Compensated (DIC) spouses and children. It is currently estimated at 3 percent. This is the same COLA that will be provided, under current law, to veterans' pensions and Social Security recipients. The increase will be effective December 1, 1993 and will cost an estimated \$330 million during fiscal year 1994.

Legislation is proposed to make permanent statutory provisions permitting access to Internal Revenue Service and Social Security Administration records for purposes of verifying veterans' incomes. Savings from this proposal are \$197 million in 1998.

Also included is legislation to make permanent statutory provisions limiting monthly VA pension payments to \$90 for any veteran or surviving spouse without dependents who is Medicaid eligible and who is in a Medicaid-approved nursing home. This legislation would save \$300 million in 1998.

Trainees under the Readjustment Benefits account (chapter 30) have received increases from the \$300 per month rate prior to the Persian Gulf conflict to the current \$400 per month rate. However, the serviceperson's contribution of \$100 per month for 12 months, was not increased. We are proposing legislation which will increase the \$100 per month contribution to \$137 in 1994. The rate would be adjusted based on future COLAs in order to maintain the 9:1 ratio of serviceperson's benefits to contributions; the proposal would increase receipts to the Treasury's General Fund by \$430 million over five years. Currently, for three insurance programs (National Service Life, U.S. Government Life and Veterans Special Life), the associated administrative operating costs are funded out of the GOE appropriation. We are including a legislative proposal to have these costs funded from resources available for dividends; this provision would save \$147 million over five years.

We are including three legislative initiatives in the housing program. First, we seek to make permanent existing legislation to include expected losses on the resale of foreclosed properties when determining net value. Savings over the five-year period are expected to be \$95 million.

Second, VA would increase funding fees by .75 of a percentage point on all housing loans except for loan assumptions, loans refinanced due to a reduction in the interest rate (IRR), and manufactured home loans. Savings are estimated to be \$763 million over a five year period.

Third, VA would seek legislation to increase the funding fee to 2.5 percent and require a downpayment of 10 percent on all second and subsequent uses of the Loan Guaranty Program. This provision does not include active duty military personnel or interest rate reduction refinancing loans. Savings of \$221 million are expected over the five-year period.

These savings estimates are based on each proposal being enacted separately. If all three proposals are enacted, the interactive savings generated are expected to total \$940 million over the five-year period.

MEDICAL PROGRAMS

Medical care

The FY 1994 medical care budget request of \$15.6 billion represents nearly a 7 percent increase over the 1993 appropriated level. Over 2,500 additional medical care personnel will be added, thereby augmenting the average employment level to 205,188.

We remain committed to sustaining the most competent, highly skilled and professional medical personnel staff possible. The fiscal year 1994 proposal provides \$427 million to cover the increased costs of maintaining our current health care work force. Reflected in this amount are the additional costs associated with nurse pay reform (\$83 million) as well as the resources to fund pay increases based on local market conditions.

VA operates the largest hospital system in the country and is affiliated with 104 of the nation's 126 medical schools. More than 30,000 residents and about 20,000 medical students receive training in the VA system every year. Our role as a training environment for many who enter the health care professions has proven to be an excellent mechanism to secure quality professional medical personnel.

Striving to sustain a competent and qualified health care staff, VA will also continue its implementation of resident work limits. An increase of \$60.5 million and 563 FTE is provided to hire more health care personnel in order to comply with a nationwide tightening of standards for resident work limits.

The Medical Care Appropriation also includes increased funding levels for programs which address the specific needs of our homeless veterans and of those suffering from Post-Traumatic Stress Disorder (PTSD). Our budget proposal includes a total of \$53.8 million dedicated to our homeless veterans' initiatives, which is \$5 million above last year's level. Similarly, we propose an increase of \$5 million for the PTSD program for a total of \$47.6 million, to assist those veterans who must deal with the painful residuals of war.

Recognizing the need to improve its resource allocation process, VA has developed, over the past three years, a system known as Resource Planning and Management (RPM). This new system will begin in fiscal year 1994 to effectively allocate scarce medical care resources. Given the current environment of fiscal restraint, this system will contribute to the Administration's goal to more prudently invest our resources and control health care costs. More importantly, it will provide a more equitable distribution of resources based on workload.

In conjunction with RPM, Veterans Health Administration is developing a system-wide strategy to integrate the missions of all VA medical centers to promote standardization and continuity throughout our system. The plan provides field management flexibility in choosing the best methods of delivering health care to their respective veteran populations. This strategy will guide the RPM process and will be used to accomplish strategic initiatives and goals at our medical centers.

VA is continuing to convert medical centers to the unit dose inpatient drug dispensing system. Through automation of the drug distribution system, we are able to improve accountability and efficiency of medicines dispensed to patients. With the resources requested in the fiscal year 1994 budget, our planned conversions to unit dose will be completed.

Medical and prosthetic research

The budget requested for Medical and Prosthetic Research is \$206 million and 3,406 FTE. This funding level reflects a \$26 million decrease from the 1993 appropriated level. Despite this reduction, VA will make every effort to ensure that VA's research efforts are not compromised. Resources provided in fiscal year 1994 will support continuation of VA research programs, particularly in Rehabilitation Research and Development and Health Services Research and Development.

Medical administration and miscellaneous operating expenses

For the Medical Administration and Miscellaneous Operating Expenses (MAMOE), we are requesting a total of \$68.5 million. Due to the capital facilities reorganization, the MAMOE request also includes resources for construction management, (formally known as the General Administration Account for the Office of Facilities).

This level of funding will support 804 FTE and provide for the continuation of effective administration of VA's medical and construction programs. Staffing will be reduced by 40 FTE in the Construction Management function as the size of our Major Construction program is reduced and we increasingly rely on private sector services to plan and build our large projects. This reduction is partially offset by a function transfer to the Office of Telecommunications and the Office of Information Resources Plans and Technology from the General Operating Expenses (16 FTE).

Funds in the MAMOE account will also be used to cover the costs associated with the organizational move back to our renovated central office. It is anticipated that this move will take place in the Fall of 1993.

Medical care cost recovery

A total of \$99.4 million and 2,172 FTE is provided in order to enhance the collection of over \$635 million from third parties and copayments. The current law contains a sunset provision with an expiration of collection authority on August 1, 1994. Proposed legislation to provide permanent authorization would add over \$326 million to MCCR collections in 1995.

Health professional scholarships

The fiscal year 1994 budget request of over \$10 million for the Health Professional Scholarship program will help support approximately 549 new scholarship awards. This program has proven to be an excellent mechanism for the recruitment of qualified health care personnel.

CONSTRUCTION PROGRAMS

A total of \$860.8 million is requested in new budget authority for construction activities at VA facilities in fiscal year 1994. This request includes the Major and

Minor construction programs, as well as the non-recurring maintenance and repair program in Medical Care.

Major construction

A program level of \$406.5 million is requested for the Major Construction program which includes \$362.3 million in new budget authority and a reprogramming/transfer of prior year appropriations in the amount of \$44.2 million. The fiscal year 1994 Major Construction budget emphasizes the maintenance of existing facilities and improvement of patient environments. Projects at Lyons, New Jersey (new psychiatric building), Muskogee, Oklahoma (replacement bed building), and Temple, Texas (replacement bed building) will modernize existing patient care facilities. Funding is also included for a 120-bed Nursing Home Care Unit at Tuskegee, Alabama which will replace that facility's existing 108 nursing home care beds.

Bed capacity will be added as a result of a joint venture with the Air Force in Anchorage, Alaska (18 medical/surgical beds) and 120 nursing home care beds will be added at Baltimore (Loch Raven).

In addition, \$145 million is included to fund the construction of the Replacement Clinical and Bed Tower project at the VAMC Palo Alto, California. Design funds are also included for a modernization/seismic correction project at the VAMC Memphis, Tennessee. Funding is requested for VA's portion of the GSA project replacing the Philadelphia Regional Office and Insurance Center and for gravesite development projects at Willamette, Oregon, Bourne, Massachusetts and Houston, Texas national cemeteries.

Minor construction

A total of \$153.5 million is requested for the Minor Construction program. The request includes \$122.5 million for Veterans Health Administration projects that emphasize the improvement of patient environments and outpatient facilities, the conversion and renovation of existing hospital beds for long term care, and the prevention of further deterioration of VA's physical plant.

Funds will also be provided for the Veterans Benefits Administration with a special emphasis on modernization and the renovation of existing GSA-leased or VA-owned space. In addition, funds will be targeted for the purchase/development of land for gravesites, and construction of access roadways to cemeteries.

A total of \$5 million will be allocated toward energy efficiency as part of the President's long-term investment proposal. Projects funded from this program will improve energy efficiency throughout the VA system and help the Department meet its target of 20 percent overall reduction in energy consumption by the year 2000.

Nonrecurring maintenance and repair

A total of \$345 million is requested for the Non-recurring Maintenance and Repair (NRM) program in Medical Care. NRM resources will support replacement of additional building service equipment, minor structural improvements, and non-recurring maintenance and repair to existing structures. In addition to new requirements, funds will be applied to the backlog of routine maintenance projects such as repairing roofs, maintaining heat, ventilation and air conditioning systems, ensuring adherence to fire and safety codes, and making needed electrical and utility system repairs.

GENERAL OPERATING EXPENSES

A total of \$823.2 million is requested for the General Operating Expenses (GOE) appropriation in 1994. This funding level, combined with the \$130.9 million of administrative costs associated with VA's credit programs (funded in the loan program account per Credit Reform provisions), and \$38.9 million in reimbursements from the Compensation and Pension (C&P) account for costs associated with the implementation of the "Omnibus Budget Reconciliation Act of 1990" (OBRA) will provide \$993 million for operations under the GOE account. This funding level is \$15.4 million or 1.6 percent above the 1993 funding level.

Veterans Benefits Administration

The 1994 budget request for the Veterans Benefits Administration (VBA) is \$604 million with an average employment level of 13,846. This request, combined with \$125.8 million, associated with Credit Reform and funded in the loan program accounts, as well as \$38.9 million reimbursed from the C&P account for OBRA costs, results in an increase of \$17.8 million over the 1993 level. Average employment increases by 92 over the 1993 current estimate.

Reflecting our concern over adjudication backlog, 242 FTE have been added to the Compensation and Pensions and the Education programs in 1994. This increase will

help cope with increased education workload, the impact of the Court of Veterans Appeals (COVA) decisions, and compensation and pension regular workload and backlogs. In addition, 75 FTE, expected to be reimbursed through an entitlement account, have been included for workload associated with Public Law 102-484. This law authorizes a new Jobs Training Program that will be funded from the Department of Defense and administered by VA, the Department of Labor and DOD.

Outreach activities continue to be a top priority. Activities will continue with the Military Services Transition and Disabled Transition Assistance Programs and other efforts in an attempt to provide better service to those veterans with the greatest benefits information need or who are currently at risk. Legislation is being proposed to extend the operations of the Manila regional office, currently scheduled to close in March 1994. This last proposal would save VBA \$3 million of much needed operating funds in 1994.

Completion of the Loan Production System, phase I and continued progress of phase II will assist the Loan Guaranty program in providing timely and high quality service, as will the growing usage of the Lender Appraisal Processing Program. The Lender Monitoring Unit will continue to ensure that program participants are following VA requirements for the origination and servicing of loans. The Native American Direct Loan Program will be fully underway in 1994, with 100 direct loans projected.

The significant focus of the Information Technology program in 1994 will be on completing installation and training and the initial phases of post-implementation reviews for stage-one information processing technologies. Acquisition and implementation of stage-two technologies will occur in 1994, as well as the release of the stage-three request for proposal.

General administration

The General Administration 1994 request of \$219.2 million and 3,056 FTE is a \$2.9 million and 63 FTE reduction from the 1993 level. This activity provides valuable and legislatively mandated support for the mission of VA. It sustains the pay and personnel systems which service over 250 thousand employees and the reporting systems vital to accountability of much of the VA's resources. Funding in this account also helps provide important and necessary legal services to the offices that service America's veterans and provides appeal opportunities for veterans seeking benefits. It also provides resources to administer the Contracts Disputes Act.

Judicial review

Coping with the impact of changes resulting from the Court of Veterans Appeals decisions continue to be one of the most challenging endeavors of the VA. Currently, under consideration is legislation that would allow one-member decisions by the Board of Veterans Appeals, as one way of reducing the Board's backlog.

Master veteran record

The initiative will provide all of the service members' data which VA needs to provide veterans' benefits, including dependency information, in one record. Interface programming requirements are in progress and will continue throughout 1994. The long range goal is to be "one VA" to veterans, providing them with all information regarding their needs in one easily accessible automated file.

Performance measurement

The Department has made a good start at developing the system of performance measures mandated by the CFO Act of 1990. We have created a data base which gives field and central office managers access to a large number of measures. Work will continue in 1994 to add new measures in each of the program areas.

Prospectus project

The renovation of the VA headquarters building is proceeding on schedule. Approximately 1,400 headquarters employees and their computer support have been relocated to TechWorld Plaza. The first phase of construction is scheduled for completion in October 1993. GSA is replacing major building systems. However, VA is required to fund associated project elements to ensure a quality workplace.

National Cemetery System

The 1994 budget proposes \$70.5 million and 1,315 FTE for the National Cemetery System, which is \$161 thousand and 5 FTE over the 1993 current estimate. The budget request provides resources for the interment of an estimated 69,000 veterans and their dependents. A funding level of \$5.2 million is also requested for the continuation of the State Veterans Cemetery Grant program in 1994.

Office of Inspector General

The Office of Inspector General requests \$31.5 million and 417 FTE in 1994. This is an increase of \$338 thousand and a decrease of 8 FTE below the current estimate for 1993. Funds requested will provide for continuing audits of financial statements and continue focus on high pay-off areas that are most vulnerable to fraud, waste and inefficiency.

Madam Chair, the challenges presented before us will not be easy. Given current economic realities, we must redirect our efforts—we must do more and do it better while remaining within tight fiscal constraints. But we are committed to the challenge and believe that our nation's veterans deserve our very best. I look forward to working with you and the members of this subcommittee to ensure that these proposals are fully implemented. We owe it to our veterans, and to our future. This completes my prepared statement. I will be pleased to answer any questions the committee might have.

VA UNDER NATIONAL HEALTH CARE

Senator MIKULSKI. We can anticipate that other members will be coming, but in the meantime I am going to raise some of my own issues.

There are several concerns particular to this subcommittee as well as, I know, to the American veterans community, which is the backlog in the dealing with benefits.

The other is how the VA will fit into health insurance reform and what the VA is doing to position itself, and a concern that veterans have that their facilities would be opened to a wide range of people.

As you recall, that was a subject of a rather prickly discussion this time a year ago. But let me mention first, but not the last of all of these things, is the whole issue of private care and health insurance reform.

I know that the President has not finalized his health insurance reform, but my question is, Do you anticipate that VA facilities will be opened up to nonvets, or have you had any discussions pertaining to that with the administration?

Secretary BROWN. Yes, ma'am; we have discussed that extensively. But as you know, we have not at this point received our defined role from the task force.

I and approximately 33 other VA employees are working very closely with Mrs. Clinton in that effort and we are anxiously awaiting the final decision to be made on exactly what role we will play in providing health care to our Nation's veterans.

But I think I can talk about my vision and how I would like to see VA's role cast once final decisions are made. I think it would benefit everyone if we continue to provide the full spectrum of care, as we do today, primarily to service-connected and low-income veterans, our so-called category A veterans, and allow that care to be funded through the appropriation process.

At the same time, I think we should look very closely at opening up the system. If we are talking about providing a basic comprehensive benefits package to all Americans, then surely we should do the same thing for all veterans.

I think we can accomplish that in a cost-efficient way by allowing veterans to exercise choice, and they can do that, and pay for the care they receive from VA.

I think they can do that in a number of ways, primarily through reimbursements from Medicare, reimbursements from CHAMPUS, from their own insurance provider, and, in fact, in some instances,

from their own resources that some of them might purchase a policy from the VA.

So, in other words, we will allow people who have resources to exercise choice here. They can get their care in the private sector or bring their Medicare dollars, their CHAMPUS dollars, and so forth, to the VA, and we will provide care that way.

That process would allow us to open the system up. And I think if we open it up in a way that is reasonable or that is rational, it will pay for itself in our judgment.

Senator MIKULSKI. So what you are talking about is, first, opening the VA to all veterans. Right now we have that multilevel system of who can use VA services, that is both income-based and service-connected based.

Secretary BROWN. Yes, ma'am.

Senator MIKULSKI. That is phase one. And then phase two, if facilities are underutilized, is there any anticipation of opening the VA to nonvets?

Secretary BROWN. Well, I think it would be very, very premature to talk about opening it up to nonvets at this point in time. As you know, that question is only applicable when you talk about excess capacity.

We do have some excess capacity in some of our hospitals now, primarily because we are only treating category A. And as a result, we do not have the necessary resources to be able to treat, say, B and C categories. So we are restricting access to the system.

But if we open that access up and allow veterans a choice, then I do not think we will have any excess capacity. And, therefore, the question of allowing nonvets into the system, in my judgment, is not applicable at this time.

NATIONAL HEALTH INSURANCE REFORM

Senator MIKULSKI. Well, Secretary Brown, one of the questions is, How will the VA compete under national health insurance reform? Many VA facilities are aging, and I think that is part of our budget discussion today.

Often the quality of care has been uneven and all veterans organizations agree that it has been a problem. You and I know that the staffing has been inadequate over the years because of the severe budget cuts.

Do you believe that the veterans will continue to use the VA medical system if they have an option to go private? If all veterans, if all Americans have this universal health care card and have the freedom of choice to participate, that they would continue to use VA facilities? Has that been a subject of discussion?

Secretary BROWN. Yes, ma'am. We—

Senator MIKULSKI. In other words, do you anticipate increased demand or decreased demand?

Secretary BROWN. I think that if we open the system up, we would anticipate increased demand. The fact of the matter is that, historically VA has been given a bad rap, in the sense that we provide over 20 million episodes of care each and every year.

Now, when you are providing services of that magnitude, obviously you are going to have some problems. And we have had problems in places such as Cleveland, Poplar Bluff, and some other

places around the country. But that, in and of itself, is not an indictment of the system.

I plan to make it one of my top priorities, one of my goals, to be able to tell the positive story about the VA, and that by and large, we provide care that is as good, and in some instances, much better than the private sector.

The Joint Commission of Accreditation, in fact, scores us higher on average than the average hospital throughout America. So I think we are doing the right thing.

We are also doing other things to complement that. We are setting up a peer review by non-VA physicians to use community standards, to look at our operation.

I think all of those things are going to put us in a very, very competitive posture when we implement national health care, and that we will get our proper share of the marketplace.

SELECTION PROCESS FOR NEW UNDERSECRETARY FOR HEALTH

Senator MIKULSKI. People go where they feel that there is not only adequate care, but quality care. One of the issues, in terms of quality care, is the Medical Director of the VA.

The VA needs not only expert physicians, but the Director of Medical Care needs to also be a very good administrator. We know that the current Director is someone who will not continue in that post.

Could you tell us the status and the timetable of getting a chief medical director for the VA to work with you in terms of the quality of care issues? It seems that the process is often long and dragged out. We need a director in place.

Secretary BROWN. Yes, ma'am; I would agree with everything you said. Right now, we have received approximately 130 names for consideration, which is twice as many as we received during a similar effort in 1989.

We anticipate that we are going to have two meetings of the search committee in June. We are going to be moving forward expeditiously so that we can identify the very best person in the country, with the best background and experience, to allow us to be able to deal with the very complicated issues involving national health care reform, VA health care reform, and eligibility reform, and the implementation of these policies.

Senator MIKULSKI. So when do you think you are going to have a chief medical director?

Secretary BROWN. I would not want to quote a schedule on it. I would like to wait and see exactly what comes out of the meetings that we have scheduled in June.

Senator MIKULSKI. Do you have a goal, though?

Secretary BROWN. Well, my goal is to move as fast as we possibly can. We will be evaluating all the names that have been submitted and doing the necessary background. As soon as we can identify and isolate those individuals who we think best meet the qualification requirements we have established for this particular job, then we are going to move forward immediately.

I am as anxious to get a new undersecretary for health on board as everyone else is, because there is only a small window of opportunity, and I think the new under secretary has to be on board by

the time that we receive our defined roles under national health care reform.

MEDICAL CARE FUNDING INCREASE

Senator MIKULSKI. Mr. Secretary, we sure hope that we have your medical director in somewhere around Labor Day, or certainly before the fiscal year begins.

I have two questions that deal with money and spending money, and then I will turn to my colleagues. The veterans' medical care budget gets, as requested, \$1 billion more. We do not quite know what our 602(b) allocations will be.

What are the consequences to the VA if this \$1 billion increase did not go forward?

Secretary BROWN. It would be devastating. That \$1 billion, in theory, would allow us to operate in 1994 at the same level as we operate in 1993.

But more importantly, it tends to be misleading in the sense that, as I mentioned to you in my opening statement, we plan a number of activations that will require us to hire an additional 1,800 people to staff the various nursing homes, outpatient clinics, and so forth.

The increased workload, somewhere around 8,000 inpatient episodes, and 450,000 outpatient visits, has to be all absorbed in this \$1 billion. The way we have looked at the budget, we need every dime we requested in our budget submission.

Senator MIKULSKI. But what would be the specific impact, that you would either have to lay off people, you could not hire new people, you could not build new facilities, you could not modernize facilities? What would be some of the specific examples?

Mr. CATLETT. Madam Chair, in terms of layoffs, that would not be the case. We do have an attrition rate that goes up and down through the year, but the most important impact would be the staffing of the new activations.

We have spent the money to complete those construction projects and they will be ready for opening in 1994. If we are going to do that, then the resources would have to be taken from some other area of our system.

Senator MIKULSKI. Where are those activations?

Mr. CATLETT. There is a list of probably 20 to 40 items. We will supply it for the record. As the Secretary mentioned, there are nursing homes and there are outpatient clinics that have been underway in the construction process for the last 3 or 4 years.

[The information follows:]

FACILITY ACTIVATIONS

The charts below detail locations that have activation resource requirements included in the fiscal year 1994 President's Budget Request (resources exclude equipment).

HOSPITAL AND OTHER OUTPATIENT CLINICS

	FTE	Obligations
Brockton/W Roxbury, MA	16	\$1,807,000
Marion, IL	2	87,000

HOSPITAL AND OTHER OUTPATIENT CLINICS—Continued

	FTE	Obligations
Martinez, CA		1,144,000
Milwaukee, WI	57	3,010,000
Palo Alto, CA	40	3,491,000
San Diego, CA		210,000
Wilmington, DE	2	99,000
Total	117	9,848,000

VA NURSING HOMES

	FTE	Obligations
Asheville, NC	6	\$557,000
Batavia, NY		51,000
Bonham, TX	4	368,000
Brockton/West Roxbury, MA	38	2,185,000
Brooklyn, NY		76,000
Castle Point, NY		18,000
Cincinnati, OH		92,000
Clarksburg, WV		140,000
Erie, PA	29	1,387,000
Fort Meade, SD	15	1,071,000
Lebanon, PA	6	428,000
Martinez, CA	46	3,070,000
New Orleans, LA	67	3,691,000
Palm Beach, FL	65	4,589,000
Saginaw, MI	26	1,181,000
Salisbury, NC	12	568,000
San Francisco, CA	2	111,000
Tomah, WI		286,000
Total	316	19,869,000

REPLACEMENT/MODERNIZATION

	FTE	Obligations
Allen Park, MI	14	\$5,199,000
Atlanta, GA	113	15,211,000
Palm Beach, FL	397	24,748,000
Indianapolis, IN	164	12,639,000
Pittsburgh, PA	57	4,691,000
Portland, OR	29	1,368,000
Seattle, WA	20	3,186,000
Total	794	67,042,000

GENERAL PROJECTS

	FTE	Obligations
Allen Park, MI	1	\$168,000
Albany, NY		549,000
Ann Arbor, MI	2	530,000
Boston, MA	15	1,418,000
Chicago (Lakeside), IL		225,000
Erie, PA	3	146,000

GENERAL PROJECTS—Continued

	FTE	Obligations
Fayetteville, NC		72,000
Las Vegas (OPC), NV	89	7,058,000
Little Rock, AR	4	192,000
Louisville, KY	3	508,000
Lyons, NJ		169,000
Marlin, TX	19	877,000
New Orleans, LA		68,000
New York, NY		105,000
Northport, NY		972,000
Portland, OR		60,000
Providence, RI		175,000
Roseburg, OR	6	500,000
Reno, NV		10,000
Salt Lake City, UT	10	1,068,000
Tucson, AZ	23	1,714,000
Total	175	16,584,000

VA DOMICILIARY

	FTE	Obligations
Bonham, TX	8	\$920,000

OTHER IMPROVEMENTS

	FTE	Obligations
Clinical improvements	331	\$31,227,000
Research and education	7	529,000
Electrical deficiencies	3	228,000
Seismic		980,000
Fire and safety	4	725,000
Heat, ventilation, and air conditioning		38,000
Nonrecurring maintenance and repair	29	3,039,000
Minor miscellaneous construction	72	7,928,000
Restoration of 1993 slippage	63	8,866,000
Total	509	53,560,000

Mr. CATLETT. We bring those on line and we start to staff those even the year before we open them, so that we can get them ready. So that has been underway, and it takes us about 2 years to recruit the staffing and get construction completed so we are ready to open the facility.

Senator MIKULSKI. Well, is it money for construction, or is it money for staffing equipment, or is it money for both?

Mr. CATLETT. No, ma'am; this is the money for staffing and supplies to provide the service directly. We have already—

Senator MIKULSKI. Well, you will have to forgive me. I do not know what episodes and activations are. I know openings, and doctor's visits—

Secretary BROWN. I didn't want to confuse you, Madam Chair.

Senator MIKULSKI. Is that right? Well, Senator Gramm, before I turn to you, though, one of the questions I feel is crucial—and we will come back.

My colleagues face conflicting demands—I often do. I would like to move to that, and I will come back with other questions in a second.

Secretary BROWN. Yes, ma'am.

CONSTRUCTION MANAGEMENT

Senator MIKULSKI. But if I could, I do want to pursue this question of construction management. GAO has big problems with VA construction.

The fact is that they feel that the VA construction often comes in too late, with tremendous cost overruns, time overruns, and the fact that in some of these the approach seems to be the Pentagon approach—pick a site, get in as much of the new, sometimes even unproven things that you can—and there has been criticism of the fact that some of these—I would not say lavish in terms of patient care, but they get out of hand. The doctors are like generals, you know, whatever is new, they want to have. We cannot fund that.

We took a look at the nursing home construction. We want it to be at the level of, say, what the archbishop of Baltimore would build if a nonprofit had to go to build it, pay for it, and run it.

So I just wonder where we are now in dealing with the issues that the GAO raised in VA construction. And then I will turn to my colleagues.

Secretary BROWN. There are two things, and I will ask one of my colleagues to supplement my observations. There are two things we are looking at right now. I understand your general characterization of our construction program.

We are looking at an innovative approach to the delivery of health care facilities—the design build approach. We believe that this approach can, in some instances, reduce the time and cost of delivering new health care facilities.

The second area we are looking at is whether or not it is cost effective to contract out all those services to the private sector. We maintain a number of employees primarily to provide oversight on the construction projects themselves.

Maybe it is now to our advantage to take a very, very close look at whether we can buy those services from the private sector much cheaper. So we are looking at that very, very closely.

Wayne, do you have anything else you want to add to that?

Mr. HAWKINS. Madam Chair, we have taken several steps to improve the construction process. One thing that we have done is to reorganize the construction program to move it under the Veterans Health Administration.

That was done, effective October 1, 1992. In doing that, we have established the VA Construction Policy Oversight Board to establish policy for the entire VA on the construction programs.

We also have consolidated the staff, the planning staff from the Office of Facilities into the finance staff of the Veterans Health Administration, and also the engineering operations staff into the Office of the Associate Chief Medical Director for Operations.

To control the scope creep that you referred to, what we worked out is called a design program, which is the facility's construction proposal. That is reviewed by our staff, and then we sign a memorandum of agreement which spells out the parameters for construction that does not allow scope creep or the increase of costs.

We also established cost categories that go from \$3 to \$10 million, \$10 to \$20 million, and \$20 to \$50 million, to try to do smaller projects, and we are emphasizing the accomplishment of as many projects as possible under the minor construction program.

We meet daily with the construction staff and we are watching very carefully any apparent cost increase or any apparent scope increase that comes up for review.

I would tell you that I think for the first time in my 30-year career with the VA system, that we are moving in the right direction to have the construction program hand-in-glove with those who are planning and building our facilities. I believe we will control the costs much more effectively in the future.

CONSTRUCTION REFORM

Senator MIKULSKI. Well, Mr. Hawkins, let me say this: This committee has had it with the construction. We have tried to bring about reforms. We tried to have changes.

There are 300 people at headquarters in the bureaucracy, none of whom are used to design, engineer, or construct projects. The average length of a completion of a project is 10 years.

The VFW itself is calling for projects to be completed within 3 years, with monitoring to go on. They are also calling that we need private sector standards, particularly the nonprofit sector. The VA, in its nursing home construction, is 72 percent more expensive than those built in the private sector.

So we really want those reforms. Those 300 people need to be involved in making sure the job gets done. We do not want 10-year projects, because of the kinds of overruns that—by the time they are built, we do not even need some of them.

But we have to then question that because of the aging demographics. That is unacceptable. It is absolutely unacceptable. That is, in trying to meet the long-term care needs of American veterans, it is 72 percent more expensive than those built in the private, particularly, the nonprofit, sector.

So we want those changes. If they do not, we are prepared to follow the suggestion of some of the veterans service organizations to place a moratorium or a freeze on construction until this issue is resolved.

I want to emphasize that in tight budget times we want the money going into patient care. We want the money going into the type of research that is making sure that the VA is doing work that is as competitive as the nonprofit organizations.

Senator.

Senator GRAMM. Well, Madam Chair, I want to thank—

Senator MIKULSKI. I turn to the ranking minority, Senator Gramm.

Senator GRAMM. I want to thank you for your leadership on this subcommittee.

I think that every agency and department that is under the jurisdiction of this subcommittee benefits from our chair's long experience and her attention to details.

This is a legislative body where we round to the nearest \$50 million in the budget, where we use numbers that are difficult to comprehend. Only Ross Perot knows what \$1 billion is.

I would just like to say, Madam Chair, it is very refreshing and reassuring to me to see someone who pays attention to details and who is interested in actually making things work.

Secretary Brown, let me welcome you before the committee.

One of the biggest problems we face in the appropriations process is that the President proposed a budget that was \$8.1 billion over the level of discretionary spending allowed by the law of the land.

As a result, he has a level of funding requested for various programs that we all know will not occur. On the House side in our corresponding appropriations subcommittee, they have provided \$1.26 billion in budget authority less than the President requested, so unless the President is willing to come out and suggest a reallocation of funds to go to the VA, and do it pretty quickly, I think you are looking at the cold reality that we are going to end up with a subcommittee allocation that is going to be based on the actual level of last year's expenditures, and that some of these cuts that we are all concerned about are going to be made.

The question is one of priorities. One of the things that I want to say to you since I am a strong supporter of veterans' programs is, I believe that when it comes time to set priorities, you remember those who have remembered you first.

Clearly, in trying to fund veterans' programs at the requested level, we are going to need strong leadership from the administration. I just want to say that I am looking forward to working with you in trying to get that done.

I want to go back to the question raised by the Chair, because I think it is a very important question. It is one that I quite frankly do not believe has gotten sufficient discussion, at least publicly. I am not involved in the First Lady's health care discussion yet, but whatever we do—[laughter].

NATIONAL HEALTH CARE REFORM ON VA

Senator GRAMM. But whatever we do about the overall health care system will have a profound impact on the VA. Clearly, if we are going to begin a process where we want to cover everybody, then it seems to me that since veterans have earned their benefits and others are given them, that it would be a very peculiar system that did not allow veterans, if they so chose, to participate in the general system.

I cannot imagine that we would come out with a program where veterans would be denied the right to make such a choice.

So one of the things we are looking at is trying to come up with some way of estimating how many of those people are going to opt for participation in the system that is going to be established by whatever the Congress adopts, and what kind of impact that is going to have on the VA.

I would like to first of all see what the VA's position is or what your position is, Secretary Brown, on the basic premise that I start-

ed with. Do you believe that under this new health care system that will be proposed by the President at some point, a month, 2 months, 3 months from now, do you believe that veterans, under that system, should be given the freedom to opt out of the veterans' medical system into the conventional system, if they so choose?

Secretary BROWN. I agree with you. I think I would use different language. My language would be that I think veterans should be given a choice of where they wish to obtain their medical care from, whether that might be in the private sector or at a VA facility.

Senator GRAMM. OK. So you envision the same thing I do, that the President's proposal would give the veterans a choice.

Your proposal, in trying to pick up the slack, is to allow the nonservice-connected veterans to use the system on essentially a demand basis as the current service-connected veterans use it today; is that right?

Secretary BROWN. No, sir; as of today, the VA basically only treats service-connected and low-income, nonservice-connected veterans. They are the so-called category A. Service-connected is self-explanatory. The nonservice connected, that is based upon a need, a financial basis. So those are the people we are treating, approximately 2.5 million a year. They will continue to receive care.

OPENING VA HOSPITALS TO ALL VETERANS

Senator GRAMM. But now are you proposing opening up for the nonservice-connected veteran who is not needing the option to use the VA system, if they choose?

Secretary BROWN. Yes, yes, sir; I would like to see a system that will give every veteran a choice. Let us just take, for instance, a veteran receiving Medicare. Today, a veteran in receipt of Medicare cannot use his Medicare dollars to purchase care from VA.

He may be theoretically locked out of the system because he is not service connected, nor is he low income. As a general rule, he would probably not be able to obtain medical care from the VA.

So we are simply saying that if you have a veteran who falls in that kind of situation, give him a choice, either to take his Medicare dollars to the private sector or bring his Medicare dollars to VA.

Senator GRAMM. Let me ask you a question.

Let us say that you have a person who is a service-connected veteran. And let us say that that veteran opts to go into the conventional system under the new health plan, but let us say that that veteran's new coverage, under the new health care plan, is not 100-percent comprehensive.

So let us say that that veteran has had a procedure for \$1,000, and let us say that the Clinton program, or whatever Congress passes, says \$800 of it.

Would you envision that since that veteran could have gotten the treatment at the VA, that the VA would pick up the \$200?

Secretary BROWN. We have not looked at it from an implementation perspective on the finer details. We are looking at it primarily from a much broader perspective. And the broader perspective simply says this at this point in time, is that we will continue, that the VA should continue to pay for, through appropriated funds, the

treatment of the people that they are currently providing care for, our service-connected and our nonservice-connected veterans.

All other veterans that are currently locked out of the system, because the VA cannot provide care, will have the option of buying into the system, they will have the option of choice. That is the extent of where we are now, in terms of a concept.

When you start talking about whether it goes both ways, then that gets down to the details, and we are not at that point yet.

NONSERVICE-CONNECTED VETERANS WITH MEANS OPTIONS

Senator GRAMM. When you say buy into the system, let us say that I am a nonservice-connected veteran, and I am not poor, so currently I am excluded.

Secretary BROWN. Yes.

Senator GRAMM. When you say buy in, what do you mean?

Secretary BROWN. Let us take you, for instance. You are a veteran. Obviously, you are not poor. Let us say you also are not service connected, but you want to have care.

You probably have—or I am sure you have a medical package that is paid for as the result of your position in the Senate. You can take that credit and you can come to the VA, and then the VA would bill your insurance provider.

Senator GRAMM. So basically the VA bills you like you were in a private hospital.

Secretary BROWN. Yes, sir.

Senator GRAMM. All right. Let me just follow up with one other point, as we have several of our colleagues here who want to ask you questions. Here is a dilemma that I am looking at—and I am sure that, perhaps from a different perspective, our Chair is looking at the same thing.

I do not know what this new system is going to do to the VA. I do not know who is going to opt for what system. We are funding a massive medical system here and we do not know what it is going to look like 5 years from now.

We do not know what kind of choices people are going to make. It is very difficult, under these circumstances, to do any kind of rational planning, until we see what the new medical system is going to be like, until we look at the choices that people are going to have, and until we see what choices they actually make. So I think it is going to be a very difficult period for us.

My dad was a veteran. He spent years in veterans' hospitals. I do not have any doubt that he would have opted to stay in the veterans' hospital system. I have no doubt in my mind that my dad would have wanted to stay in the VA system.

I do not know how some of our younger people will feel. I think a lot would depend on how close they are to a VA hospital. I do not have any doubt that you are going to have more people than we ever have opt for emergency care or standard care away from the VA hospital, if they have access to another system.

One of the things that it is obvious that we are going to have to work closely together on is trying to see what the new system is going to be like and how we need to change it, and whether that is going to mean the VA system is going to grow—it has to be modernized—whether it means it is going to contract—I do not know.

But I do know that we have more uncertainty than we have ever had. And it is very difficult to talk about building new facilities when we do not know what the world is going to be like out there. You signed on at a very interesting time to be Secretary.

Secretary BROWN. Yes, sir; I agree with you. I think it is very, very interesting. I think it is a very interesting time to be alive in this country. We are moving toward a whole new dimension on how we will provide health care to all of our citizens. Quite frankly, I feel honored to be a part of it and to play a role in that process.

Senator GRAMM. Thank you, Mr. Brown.

PARALYZED VETERANS OF AMERICA STATEMENT

Senator MIKULSKI. Senator Gramm, I just want to bring to your attention the statement of the Paralyzed Veterans of America. They raise some of the same issues that you have and that I have, because they are done really in the spirit of cooperation.

The good news is that we are not pursuing the Canadian system, which we agreed that we do not support the Canadian system for the United States of America. Under the Canadian system, the VA medical care absolutely disappeared.

I really recommend to the members of the committee the reading of the statement of the Paralyzed Veterans of America, because we raise these questions.

And I know you have reviewed them, Mr. Secretary. And we hope the task force reviews it.

Secretary BROWN. Madam Chair, there is one brief observation I would like to make. Of course, I am interested in the comments that are made. We are looking closely and trying to identify the parameters that will go into a model and give us a better idea of exactly who is going to come and who is not going to come to the system. So that is very key to us.

But at the same time, it is not as if it is the end of the world, in the sense that we already have a system in place. If nothing happens, we still have a system in place. And there is a tremendous need for the service that we provide out there.

We have a task force that is working very, very hard, and the preliminary data we have received so far suggests that VA is providing care that in some respects may be cheaper than the private sector. That results in a tax savings to our taxpayers.

So I think with the system in place, that means that it is flexible. Let us assume that we move toward health care under the guidelines that I talked about and no one shows up. Well, we can change it.

We can be flexible there. It is not as if you have to tear down all the infrastructure, all the capital improvements that you have made, and start all over again.

The need will still be there. We know there is a continuing need, particularly with respect to our World War II veterans, and close behind them, of course, are the veterans from the Korean war. So I think that there are some fail-safe characteristics that are built into the process.

Senator NICKLES. Madam Chair?

Senator MIKULSKI. Senator Nickles.

Senator NICKLES. Thank you.

I wish to compliment Secretary Brown for his statement. I think you are on target and as far as coordination with the health care task force, I would encourage you to be very active to make sure that veterans are represented in whatever policy is proposed. So, as Senator Gramm mentioned, the veterans will have the best of both options.

I have confidence that the veterans will make the right decision, and I also have confidence that a very significant part of the VA system will continue for some time, because I think you are providing a very viable service, and doing so cost effectively.

I have not seen the cost ratios per patient, but in many cases I think you perform a very valuable and economical service for a large segment of our population.

\$1 BILLION INCREASE IN MEDICAL CARE

I have a couple of questions. I have looked at your total budget and you have a \$1 billion increase in medical care.

Secretary BROWN. Yes, sir.

Senator NICKLES. That is just to take better care of the people that we currently have in the system; is that correct?

Secretary BROWN. It is designed to do—yes, sir. In part. If I were to break it down in terms of what that \$1 billion will do, I probably would say something like this: One, it would allow us to generally provide the same services in 1994 as we will do in 1993; and two, it will allow us to increase the quality of our service. By that, I mean, 700 of the FTE's that are involved with quality improvement, and that is going to be absorbed in this \$1 billion, the majority of which has to do with the strengthening of national resident work standards.

We have been working some of our residents 120 hours a week, and we need to break that back down to 80 hours a week, to come more in line with the civilized world. So that has to do with the quality of care issue.

And then, of course, the last has to do with something we spoke about briefly. We do have a number of activations that will take place in 1994. These are nursing homes that have already been built, outpatient clinics that have already been built.

There are a number of them. There are about 40 projects already built, and we need about 1,800 people—doctors, nurses, and so forth—to staff those. So that is basically what that \$1 billion will cover—and that is why it is so very important to us.

RESIDENT WORK LIMITS

Senator NICKLES. I think you are correct in the first category you mentioned, about the very long hours that many of the residents now perform. I think in some cases there are long understaffed hours which negatively impact on care. It means people wait too long in many cases.

Certainly, the people who are working are well qualified, but they are overworked in many cases. There is also a shortage of nurses. I do not know the figures, but I know when I looked into some hospitals in my State, we have seen that that is the case due to competition.

PATIENT TOWER, MUSKOGEE, OK

I have a couple of parochial things. In the budget we have some money for a VA patient tower in Muskogee, OK. I want to thank you for that. We have worked on that for a year.

It is very much needed. The dollar amount is a little different. I think I saw \$33 million. We scaled it down, but I thought by scaling it down, it was to be \$38 million. Is there a difference there that I am not aware of, or is that going to be over a 2-year period?

Mr. HAWKINS. That is the full funding, sir.

Senator NICKLES. That is the full funding. It was \$33 million? I thought it was \$38 million.

Mr. HAWKINS. Yes; some of the design money was actually approved in 1992 and then the construction costs will be \$33 million, which will be a total of the costs. We are in the process now of making that award probably in April 1994, if the 1994 budget is approved as submitted.

Senator NICKLES. Well, that is a project that is very much needed. That project is to replace a facility that is about 70 years old.

NATIONAL CEMETERY IN CENTRAL OKLAHOMA

I have a couple of other parochial issues. The VA has been working on site selection for a national cemetery in central Oklahoma. I do not know if you have your cemetery staff with you today. The people we have been working with have been looking at three different sites. Can you tell me where you are in that site selection process?

Mr. BOWEN. Yes, sir; we completed the preliminary environmental impact statement in July 1992. That has been submitted to Congress, to the public, and to EPA for their review. We expect that we will get a preliminary final EIS to be received by the VA by the end of June 1993.

Senator NICKLES. So in another month you will have the reports back just on the environmental impact statement.

Mr. BOWEN. That is correct.

Senator NICKLES. When will the decision or the recommendations be made?

Mr. BOWEN. Establishment of a new cemetery is a 7- to 8-year process. So we are moving along with this cemetery development and it is proceeding on schedule. I cannot give you an exact timeline, because there are some other factors which need to be addressed.

One factor to be determined is the suitability of these particular burial sites for burials. We have to work out these types of issues.

Senator NICKLES. I do not want to rush you, but we have been working on this for a few years. Where are we in that 7- or 8-year process?

Mr. BOWEN. I will get you a complete breakdown for the record, sir.

[The information follows:]

TIMELINE FOR THE ESTABLISHMENT OF A NATIONAL CEMETERY

There are four distinct phases associated with the establishment of a new national cemetery. The first phase centers around the development of the Environmental Impact Statement (EIS). For planning purposes, this phase is reflected as

18 to 24 months. In actuality, however, dependent on local conditions, the process has taken as long as four years. Included in this phase are public solicitation for suitable land, site visitations, selection of an EIS consultant, conduct and publication of the EIS with public comment periods, and site selection. The second phase of the process, the design development phase, involves site acquisition and master planning for the full and eventual development of the site. The nominal amount of time allotted for this process from the date funds are made available is 24 months. Again, however, individual circumstances, usually relative to the acquisition of the property, actually determine the length of time required to complete the design development phase. The third phase of the process is the construction document preparation phase. This phase requires 12 to 15 months, including construction bidding and award. This phase is followed closely by the actual construction phase of 14 to 18 months.

It is anticipated that the EIS development phase for the Oklahoma City/Lawton National Cemetery will be concluded with a preferred site selection in Fall 1993.

Senator NICKLES. I think there are three excellent sites. I have not heard of a problem as far as soil suitability. There are cemeteries in those areas, some of it is on Government land and some of it is not.

If you could bring us up to date on the status of those selections, so we can look at the time line, and when we are looking at making a decision—I do not know that it should be dragged out forever. You have three communities that are actively pursuing this matter.

We do not have an active cemetery in central Oklahoma, so we are in the process of selecting a site. Several communities are very interested in making that happen. They are donating the land for all practical purposes, and so on.

I would like to resolve the issue soon. I am not trying to expedite it too quickly, but I think we ought to make a decision.

FORT GIBSON NATIONAL CEMETERY

Mr. BOWEN. There is one other area which may be of interest to you, sir, and that is our progress at Fort Gibson National Cemetery. We are making progress on acquisition of some land on either side. We have contracted for boundary surveys and appraisals, which will be followed by negotiations with property owners.

Senator NICKLES. I appreciate that. I know that the existing cemetery in Fort Gibson, which is on the eastern part of the State of Oklahoma, is scheduled, I think, by the year 2002.

Mr. BOWEN. That is correct, sir; it is expected to close in 2005.

Senator NICKLES. There are some willing sellers adjacent to the cemetery, so you are conducting negotiations and are in the process of finalizing land acquisition.

Mr. BOWEN. That is correct. We have been in close coordination with members of your staff on that, Senator.

Senator NICKLES. Well, I appreciate your cooperation. I know a couple of your people visited that site and I appreciate that. I do think it would be wise to tie that down before the land would be used for something else.

I know that at least one of the owners was looking at some development or something that would increase the acquisition costs in the future.

Fort Gibson goes back before statehood. It is a national cemetery in the eastern part of the State. The land acquisition should not be that expensive. We are not talking about very much money, but

I think it is very timely. So I appreciate your help with that as well.

Mr. Secretary, thank you. I look forward to working with you. I do think you have some serious challenges in coordinating some of the big changes in health care, and I look forward to working with you on it as well.

Secretary BROWN. Thank you so much, sir.

Senator MIKULSKI. Senator Leahy?

Senator LEAHY. Thank you, Madam Chair.

MEDICAL RESEARCH

Mr. Secretary, it is good to see you here. I have some concerns about funding for VA medical research and I know you had to make a lot of very tough choices on where it might go.

But during the last two administrations, there have been a lot of cuts in the VA research budget. It is an area where I think that we have accomplished a great deal in the past in the VA system. Now, if your recommendation to cut \$26 million holds, does that mean that there will be no new research grants next year?

Secretary BROWN. It means that we are going to have to reevaluate the grants that have already been made. Approximately 700 of those grants, if I remember correctly, end in 1993.

It also means that we would have to reprioritize the remaining grants that are for consideration. We will have to look at them very closely.

Senator LEAHY. So with \$26 million less, as a practical matter, it would be impossible to have any new grants next year, is that correct? I mean some of the grants that you have now are going to extend on any way—but if it is a grant that runs out of funds this year, there is really no way they can be refunded with a \$26 million cut; is that correct?

Secretary BROWN. Cutting it \$26 million, as a general rule, would make it very difficult to expand the program later.

Senator LEAHY. But if you are going to give good quality medical care in VA hospitals—and I realize that the quality of that care can sometimes vary tremendously from hospital to hospital, even within the VA system, just as it can within the civilian system—I do not know how you would do it, if you are not also doing a lot on research.

Secretary BROWN. Yes, sir.

Senator LEAHY. You can cut costs. You can improve the care. I have also found in the VA system, just as in the civilian system, if you are really doing research, you are also attracting some of the top-notch medical personnel as a result.

It is sort of a two-for. You get the benefits of the research, but you get the benefit also, for that VA hospital, of better people.

FUNDING PRIORITIES

Secretary BROWN. I am certainly not going to argue with you, Senator, on that. In fact, I agree with you. The fact of the matter is I am committed to research.

I understand how important it is in our efforts to provide quality health care, not only in terms of the inventions that come out, such

as the CAT scan, but a lot of clinical information comes out of our research.

But probably even more important than that, as you mentioned, is the fact that the research budget has allowed us to attract some very talented people to the VA. Once we attract them and get them into the system, we have a very good chance of keeping them in the system.

I have met a number of those people. So it is very, very important to everything we do in our efforts to provide quality care to veterans.

My problem is, I had to make some tough choices, and I had to prioritize. There are two things that are very important to me in looking at the budget. One is that I believe we have a moral and fiduciary obligation to provide quality health care.

I did not want to do anything detrimental in terms of jeopardizing the provision of quality health care to our veterans. That is the reason we had to have that \$1 billion, because it is not only tied to providing the same services in 1994 as we provided in 1993, but it is also tied to allowing us to at least hire additional people to activate the new projects that we have in 1994, 1,800 of those.

That is going to result in another 8,000 inpatient episodes and 450,000 outpatient visits. So this whole quality of health care is actually tied to that \$1 billion.

The other area that is very important to me is getting the checks out on time. Just 2 years ago, our backlog in VBA was approximately 300,000 cases. Today, it is around 600,000. And at the end of 1994, it is going to be somewhere around 900,000. My people tell me that if we cut back at all, we would end up having a backlog of 1.2 million cases.

MEDICAL RESEARCH FUNDING

Senator LEAHY. Mr. Secretary, I fully understand that, and I understand also the pressure that you have in making cuts in a shrinking budget that everybody has. I would just ask that you, and those who work with you, to look very, very carefully at this research area. I have been in a number of VA hospitals. As I said, some are good, and some—

Senator MIKULSKI. Are not.

Senator LEAHY. Yes; they are really not. My wife is a nurse. I remember the VA hospital she worked in once was—I mean, it was a disgrace to its country, the type of situation they had.

They finally tore the place down it was so bad. I also looked at a VA hospital, the one we have in my own State of Vermont. And it rates very high every time. It is a great facility, and one of the reasons for that is its research facility—

Secretary BROWN. Right.

Senator LEAHY [continuing]. And it can attract doctors from Vermont, New Hampshire, Dartmouth, the other places, to it. I just wonder whether we would have the same quality care without research.

I think research improves medical care, in my mind. Maybe this committee should consider whether that \$26 million should be restored, because it may save money in the long run, and certainly improve the quality of care.

You cannot say what kind of quality of care it is simply by saying how many dollars is spent, as you know as well as anyone in this room.

Secretary BROWN. Right.

INSURANCE COLLECTIONS

Senator LEAHY. I also note that the VA has been making real efforts to collect payments from the insurance companies which I think they should. Somebody comes in and they have insurance, we ought to be able to collect back from that and put it into the system. I understand it recovers several hundreds of millions of dollars a year.

The VA hospital in my own State has collected a very, very substantial amount of money for the size of the hospital. But I am also concerned that its central office does not have enough people to do collections. We end up stealing medical personnel to do that.

In fact, I commissioned a GAO report on this, and they said that the VA hospitals have used personnel funded from the "Medical care" account to help with insurance collections.

We should not be taking our medical care personnel to do it. It is sort of penny-wise, pound-foolish.

I am sure you agree with me on that, but I would emphasize it because I think that it is creating a strain up and down the system, when the quotas are laid down by the central office, they talk about what they have to collect. And they figure the only way they can do it is to take medical care personnel and put them on collection problems.

ADDITIONAL RESEARCH FUNDS

Secretary BROWN. There is just one observation I would like to make on the research, Senator. I cannot impress upon this committee how strongly I feel about research. I am committed to research, and I am hoping that \$26 million will fall into our budget from somewhere. [Laughter.]

Senator LEAHY. I think I am blind enough to understand the subtlety of that.

Madam Chair, thank you very much again. I should also note that the Chair of this committee has been one who has fought and worked extraordinarily hard for veterans and for the VA system since she has chaired it.

And I would say that is one of the joys of serving on this committee, because of the concern she has shown for the VA hospital system and for the type of care given there. And I applaud her for it.

Senator MIKULSKI. Thank you very much, Mr. Leahy.

As you know, all of us who chair subcommittees this year are facing great constraints. But we thank you for raising the issues around research, because the VA research has been so focused on the clinical practice, the direct clinical practice, as well as those related to long-term injury rehabilitation, two areas that are often not met, say, through an NIH budget. Your point is well taken.

Senator.

Senator BURNS. Thank you, Madam Chair. How are you this morning? I suppose you are all right.

VA HEALTH CARE REFORM

Mr. Secretary, thank you, and I want to thank you for the special interest you have already shown to my State, your visit out there. We appreciate that. Although I did not get to visit with you, I was not too far away—and going the extra mile so that you could take a look at that facility, because that really is appreciated.

I want to sort of echo the same concerns that Senator Leahy had as far as the research dollars, because I think, maybe not to dispel the research so much, but how it helps people in the VA organization, I am sure that it helps in tracking those people. I say that because Senator Rockefeller wrote my speech this morning. [Laughter.]

I just came from a hearing that we are having on new technologies up there this morning. So I just want to thank you for that, and I would ask for consent that my statement be added in the record.

I am interested this morning in some interesting things that you had to say. We have met with the First Lady with regard to her interest in the national medical care and reform.

She stated at that time that you were working very closely with that task force in order to protect, and deservedly so, the system of VA.

My concern is that once we start down the road in national health reform, and if we do not have a strong voice in there, then the bleeding off of this system would have very serious ramifications, as far as our ability to raise dollars, and to properly take care of the people who deserve this care, who have earned it, as part of this Nation's commitment to those people. And not being one of those, I have a real love for it.

It is my understanding that the VA has developed a health care plan of their own which will operate on what the task force is thinking about.

Could you just give me an overview of how that is working out and, basically, the parameters you have set in your discussion with the task force, and how far you have gotten with that? I guess I am interested in that.

NATIONAL HEALTH CARE TASK FORCES

Secretary BROWN. Yes, sir; before the national health care reform effort really began to gain momentum, VA was working on national health care and also VA reform and eligibility reform.

We basically shelved that, although, at this point in time, we still have three task forces working in conjunction with the national health care task force.

We have a task force dealing with national health care. We have the VA's task force working on VA's health care, and then, of course, we have one dealing with eligibility reform.

At this point in time, we are trying to pull all of the various elements together. We do not have any conclusions at this point. So we, too, are still waiting until something begins to take some kind of shape or form before we can make public the results of the study.

Senator BURNS. I was wondering—I was interested in your comments about choice, that people can opt in or opt out, your conversation with Senator Gramm.

I am wondering: If we did not have this discourse that is going on now for national health care reform, and a veteran could say, "OK; just give me a card, and let me get my services at a local hospital," or—Montana, as you know, is a little bit different than—I do not think it is a lot different.

I think there are a lot of places in the West that we have similar things. We just have a lot of dirt between light bulbs, and that is all.

It takes a little bit of time to get around, and under emergency conditions and if something is of an acute condition, we should be able to—the veteran who lives in Harlowton, MT, should be able to go over to the local hospital and get service and receive those services from the VA.

But we find out we are going to have a choice on one side, but I am wondering right now—I have not talked to very many people who want to do that in the VA system. I can understand why, because it erodes your base. Can you give me—

Secretary BROWN. We are not looking at it so much in that respect. We were looking at, really, reforming our own system before, as I mentioned, national health care began to really expand in terms of being accepted by the American people, at least the concept.

Primarily we wanted to do two things. No. 1, we wanted to make health care available to veterans who need it from VA facilities. No. 2, we wanted to provide what we refer to as a full continuum of care. The way we do business now is not a really good method, in the sense that we do not treat everything wrong with the veteran. So we wanted to look at both of those areas.

Now, to see how that plays out in national health care, we are going to have to wait, because that plan will set the parameters.

Mrs. Clinton and the President will say exactly how we will function in this whole effort to provide a basic benefits package to all Americans, and what role VA will play in providing a basic benefits package to veterans enrolled in our system.

LONG-TERM CARE

Senator BURNS. I would hope that you would keep that task force of yours in business, because I know it is hard to deal in this area when you are dealing on a year-to-year basis. I wish we did 2-year budgets.

I just wish we did 2-year budgets here, because it would give us an idea, if we do this, the ramifications it has on the next budget. And it gives at least you people who are in the job of administering it some idea of how to do your planning. Right now, what your planning is very shortsighted. It is not long term.

Where are we going? The demographics are changing. Our World War II veterans are getting older and there are not nearly as many, I guess—I am part of the Korean crowd. What are going to be your needs in 20 years?

Secretary BROWN. Well, I think we have a pretty good fix on that. For instance, right now we are working very hard to convert

approximately 5,000 of our acute care beds to long-term care beds. We are doing about 700 or 800 a year, based on projected needs.

We are also looking, as you mentioned, at the shifting demographics of veterans. We know that more and more veterans are moving to the South, to the Sunbelt.

We need to be able to look at how we are going to deal with that, based upon a more efficient method of delivering health care. We are probably going to be building more outpatient clinics, as opposed to your large general hospital.

That is how we plan on dealing with that issue. We are going to be looking at things like more sharing agreements with military or other Government facilities and, hopefully, even more sharing and stronger agreements between VA and the private sector. I happen to think we can capitalize on some economies of scale by working closely with the people who have the resources. We should not try to reinvent the wheel in every instance.

Senator BURNS. I do not know what it would run in any other State, but let me give you this. I think in Montana one out of every eight of our population in the State of Montana are veterans.

I think that is very high, probably, when you take the demographics of even a State like New York. I know they have serious problems there. But a State like Montana, even though we only have 800,000 people, that is a large population. We have a tremendously high population of retired military. It falls under another program, nonetheless.

Senator BURNS. I do not want to take up your time. I congratulate you on taking this job. This is my first time that I have gotten to really meet you and visit with you.

You come highly qualified. I appreciate the interest you take in our State. We will have three service centers out there with the new nursing home. We had to claw and scratch like the dickens for our long-term care in Glendive, MT, but we got that. So we appreciate your efforts on that and the veterans on that. But I certainly appreciate your interest.

I would like to come by sometime. I have a habit of coming by and just talking to administrators, and just have a cup of coffee in your office, and just talk over—we would like to know where you want to go and how we can facilitate that, and how we can just do a better job, because we do a lot better job working together than we do beating up on each other.

Secretary BROWN. I had a wonderful time. It is beautiful. There are very warm people out there. I really enjoyed my visit. You do not have to come to me; I will come to you.

Senator BURNS. Well, it is a two-way street, Mr. Secretary, and I have always regarded it as that. Our office is always open for you, too.

Secretary BROWN. Yes, sir; thank you.

PREPARED STATEMENT

Senator BURNS. Thank you, Madam Chairman.

I have a list of questions and a statement which I would like to submit at this time for the record.

Senator MIKULSKI. Thank you, Senator. Without objection, it so ordered.

[The statement follows:]

STATEMENT OF SENATOR BURNS

Thank you Madam Chairman, and thank you Secretary Brown for being with us here today. I want to say right off that I have appreciated the attention you have already given my state of Montana and am looking forward to working with you on a number of issues, some of which I will mention this morning, and others will address with your office separately.

Let me start, Mr. Secretary, by bringing up a subject on which my office has received numerous letters. And that is the funding for VA research. I know you are concentrating on putting money in areas that provide direct services to the veterans and I applaud that effort. However, I would argue that the money that goes into research does affect direct patient services. Let me explain.

In order to attract a top-notch physician to a VA facility, a strong drawing card is the promise of available research money. Without this, there is little incentive to practice within the VA. The physicians with expertise in areas that affect our veterans or those with a driving interest in research in these areas—for example, alzheimers, PTSD, prosthetics—will go to the private sector. This leaves our veterans in the care of providers who, though they may be terrific care givers, are not proactive in dealing with veterans health care issues.

In a time when we are asking everyone to cut back, I can understand your desire to cut in this area, especially when ground-breaking research and development is taking place not only in the private sector but in other government facilities, as well. I would ask you, though, to strongly consider the effect this will have on attracting and sustaining a high caliber of providers who choose to practice in the VA, and restore the funding.

Though I missed your personal statement, I have read the testimony you submitted for the record and must say I'm glad to hear about the modernization efforts underway to speed up claims processing. I may suggest, Mr. Secretary, that you take a good look at the advantages of telecommunications technology now being developed. I, along with Senator Bond, and in conjunction with my duties on two other committees, have been working hard to simplify administrative procedures. This includes establishing electronic networks for billing, instant claims processing, and even management of patient records. This has actually shown a savings of billions of dollars annually. I'd be happy to talk with you further about this and see if we might work together to include the network of VA facilities already in place.

You will see in my questions, Mr. Secretary, that I am particularly concerned with services to veterans in rural areas. In Montana, as I'm sure you know, one in eight residents are veterans. And for a state that covers 150,000 square miles, there's a lot of land to cover and access to any services is difficult at best.

I will close here, Madam Chairman, with the understanding that I do have some specific questions to ask the Secretary. I appreciate the Secretary's time and the chairman's dedication to veterans. I look forward to hearing more about the budget proposal.

Thank you.

Senator MIKULSKI. I now turn to Senator Bond. I want to acknowledge the fact that Senator Frank Lautenberg was here. He is also chairman of the very important Appropriations Transportation Subcommittee, and he could not leave it.

Senator Bond.

Senator BOND. Madam Chair, I apologize to you and the witness for having to come in late but the Banking Committee was actually having a hearing today on a bill I introduced.

It was a rather unusual thing to get a hearing on one of my measures. I just felt that I really ought to show up for work on a day like that, because it is so rare.

But I do want to welcome the Secretary, and just state for the record that all of us know that the Nation owes a great debt of gratitude to the men and women who put their lives on the line because of freedom and the sacrifices that have been made by the people you serve are responsible for our security and well-being today.

You have a tremendous challenge ahead of you, with the changing demographics of the veterans' population combined with spiraling health costs. You have an ever-changing demand and ever-rising costs. So we wanted to work with you.

OUTPATIENT CLINIC, COLUMBIA, MO

I have a very real and particular problem in my State that I would ask you to focus on. In Missouri, and with a few counties in Illinois, veterans depend on the Harry S. Truman Memorial Veterans Hospital in Columbia, MO.

They have extremely crowded conditions in the outpatient clinic facility. The facility was built for 12,000 outpatient visits per year. Today, they are accommodating 80,000 outpatient visits, some six and one-half times capacity.

I have visited there several times and have seen the unbelievable conditions. Last year at this time, a volunteer at that facility wrote me a letter in which he stated that, one, on a daily basis he sees physicians waiting in the hall until an examination room is available for use; and two, they try to provide waiting space for 300 veterans and their wives, but there are only 150 seats available.

Many veterans spend the entire day waiting there. And with disabilities, many of them are unable to stand for the hours that are required.

We have veterans in wheelchairs and they cannot move around, because people are packed in there like sardines. Really, it is a distressing situation. The examination rooms are divided by wooden partitions so you can treat two patients at the same time, and at least make some arguable pretense that you are assuring them privacy.

Last year, the committee provided \$300,000 for the advanced planning for the expansion of the outpatient clinic. The planning has been underway for a year. It is my understanding that despite the conditions of the facility, no expansion of any kind is currently on the Department's 5-year facility development plan. It is also my understanding that the need for this expansion was recognized during a review conducted in 1977.

What I am concerned about is if the construction is canceled, it will mean extreme and increasing hardship on the veterans. And they will not see the conditions corrected before the turn of the century.

If this facility with these conditions did not make the list, should I believe that there are conditions throughout the system that are this bad, that this is standard, that you are facing everywhere or is this an unusual condition?

Mr. HAWKINS. Senator Bond, you are correct. The \$300,000 was in the 1993 budget. The medical center has been authorized at this point to proceed with a design program, to be submitted to our central office by September 1, 1993.

That design program spells out the scope, the workload projections, the needs, the space deficiencies, and so forth. That will be reviewed once our staff receives that from the central office, and then once we agree with that, in terms of the total needs, then the next step would be to go to program development.

At that time, then it would compete in the 5-year plan with all other projects nationwide. The reason it is not in the 5-year plan that has been submitted now is that it has not advanced to that stage in the planning cycle to be able to insert it into the lineup, so to speak, to compete with other projects, because it has not been developed to that level. But we are proceeding with the planning process.

Senator BOND. Are there similar conditions in other outpatient facilities? Do you have a sixfold overload in outpatient facilities? Is this common throughout the system?

BACKLOG IN CONSTRUCTION PROGRAMS

Secretary BROWN. Well, we do have a \$1 billion backlog in our minor construction program. We have probably a \$5 to \$6 billion backlog in our major construction program over a 5-year period.

So the competition is stiff, and we do have a lot of facilities out there that are in the process of being updated from a planning standpoint.

The other thing we are doing to try to reduce the overload on existing outpatient clinics in the hospitals is to build more satellite clinics and community-based clinics.

Senator BOND. I do not think I got an answer. Is this an unusual situation, or is this standard throughout the system?

Mr. HAWKINS. There is a need nationwide in a lot of our facilities for increased outpatient space.

Senator BOND. Are any of them worse than Truman in Columbia?

Mr. HAWKINS. I do not think I am in the position to say if that is true or not without evaluating the entire system. But certainly, systemwide, our outpatient workload has grown drastically in the last 4 or 5 years.

That has been a problem for us in many of our facilities, and that is one thing we are looking at nationwide to increase the priority score for ambulatory care kinds of projects.

Senator MIKULSKI. Senator——

Senator BOND. Excuse me. Go ahead, Madam Chair.

Senator MIKULSKI. I share your frustration. I just want you to know that. I am interjecting not to interrupt your train of thought, but we are engaged in a discussion on the facilities while you were at your important banking hearing.

One was the frustration of the whole issue of from the time an idea is conceived to the time that it gets done it takes as much as 10 years, particularly for a major facility.

We want the construction department to deal with the issues of it taking too much time, and spending too much money, and having the bureaucracy at headquarters, where there are 300 people who are not involved with design, or engineering, or the execution. So we want you to know that.

And our colleague, Senator Gramm, posed the questions about if the present health insurance program is enacted, will people continue to go to the VA, or will they go to other services; for example, the people of Truman? And no one seems to be clear on that. So we have a bucket of problems on here.

Senator BOND. Well, Madam Chair, I certainly——

Senator MIKULSKI. I just wanted to share that.

Senator BOND [continuing]. Agree with you.

Senator MIKULSKI. I think that we are——

Senator BOND. Well, I invite my good friends at the witness table to come out and visit. If you want to see a real goat-roping, come out and take a look at these people who are aged, ill, wheelchair ridden.

And, frankly, I am not real keen on going back and telling them that because of bureaucratic delays, they may get to expand sometime, but it will not be in their lifetime. I would like somebody else to go out there and tell them face to face, because it is a serious situation.

I hope that we can work with you, Mr. Secretary, to find some way to get beyond this, because this is bad. What I read to you, from a letter from a gentleman named George Trial, is an understatement.

I have seen it firsthand and it is something that really has an impact on you if you take a look at it. We have to figure out some way to accommodate these people. Do you have any thoughts on this, Mr. Secretary?

Secretary BROWN. Other than to say, Senator, why do you not give us a chance to take a look at it?

Senator BOND. I would appreciate that very much. I know that there are many large problems. And I apologize for coming in with a special pleading, but in this instance, it is something that I have not seen before.

We look forward to working with you on this and the much broader challenges. I know this is not the only one you have. And as the Chair so eloquently put it, we have a lot of work to do.

And we hope to be able to assist you and to work with you in a constructive way to see if we cannot get some solutions to the problems we face.

Secretary BROWN. I really appreciate your bringing that to our attention. That is what we are in business for, to try to identify what the problems are, to give us an opportunity to find solutions to those problems, so thank you so much for that.

Senator BOND. Thank you, Madam Chair.

CLAIMS BACKLOG

Senator MIKULSKI. Thank you.

Secretary Brown, you have inherited many problems, a backlog in construction, the funding for prosthetic devices, and, perhaps, also one of the most compelling is the backlog of claims.

We know that the backlog of claims has reached about 600,000, 20,000 more than last year. In 1990, when you were working at DAV, it took 151 days to complete a compensation claim. Now, it is estimated that, in 1994, it can take as much as 200 days.

My offices throughout the State gets more calls about the claims benefit problems than just about any others that we get, other than Medicare.

I have a constituent's letter here that I know you have been sympathetic about, a Vietnam vet, with a service-connected disability, gunshot wounds to his right ankle, shrapnel in his left leg, a seri-

ous nerve condition, and he talks about how 2 years ago he submitted an appeal for reconsideration of his disability claim.

He has visited the claims office several times, was never given a correct status of the claim or an estimated completion date. He has actually hand-carried things to the VA's office at 941 North Capitol Street.

Then they called him back for a social security number request, which was on the claims. He now tells me that he has lost his home, his car has been repossessed, his marriage is in great difficulty, and he has had to take forced retirement because of his medical and physical situation. And he cannot get a call back from the VA.

This is what we are facing. I would like you to share with us how you plan to deal with the backlog and what we can do to help you clean up this backlog.

Secretary BROWN. Yes, ma'am. First of all, we would like to get the name and claim number of that veteran, because I am interested in doing an evaluation of exactly how the system broke down, and that would help us in the process.

But you are absolutely right, I think it is probably even worse than what you have talked about. From the time an individual files an original 526, all the way through the court process, it is over 1,000 days, and it continues to grow. So that is one of the reasons why I am very, very concerned about our "Veterans Benefits Administration" account.

It is clear that this particular account has not been treated fairly in the process for the last 10 or 15 years. We have lost personnel each and every year because it is primarily where you go to absorb your cuts. We are going to have to cut about 900 people in 1994, in order to comply with the President's executive order.

As a general rule, health care is kind of—you do not want to mess with that too much, because we are dealing with the lives of people. So you end up hurting VBA and, as a result, you begin to see the problems that you describe.

Now, there are a number of things we are going to do. No. 1, as you noticed in our budget, we put the same amount of money in there for 1994 as we had in 1993.

In addition to that, we added about another 95 people to that account to help make decisions, to help us try to bring some stability to that process.

INCOME QUESTIONNAIRES

We also have some legislative changes, where right now we send out about 1 million income questionnaires to our pensioners each and every year. We know, based upon the information that we have already available to us, that about 75 percent of those individuals' only other source of income is social security.

So what we would like to do is to get social security to give us their tapes, which will have the income information on it, and we will run it against our master records, and we will make the adjustments.

That will eliminate the need to send out these income questionnaires. And it will eliminate the need to have them come back, be evaluated, and input to the system.

We would save, as a result of streamlining that process, about 244 people we can actually put into the process.

Another area I am extremely interested in is our modernization program. We are doing some wonderful things up in Baltimore on a pilot project that will allow us to use computer technology. The fact of the matter is, in my judgment, we are not going to get the number of people we need to bring this thing under control, not in this economic climate.

So now we are in the process of trying to invest in the advances that have been made in computer technology, to allow us to operate much more efficiently.

I am going to ask Mr. Vogel also to just add to my comments on that.

MODERNIZATION TECHNOLOGY

Mr. VOGEL. Thank you, Mr. Secretary.

Madam Chair, in addition to what the Secretary has said, I think the point had to be made that we want, and if technology will allow us, we need more people in the decisionmaking roles than we now have.

We are very largely bound by the movement of records and papers. The technology that the Secretary saw in the pilot stage at the Baltimore regional office can be found in other offices as well, and will free up people to make decisions that affect the veterans' claims that are made, and get away from a large clerical support staff, into more technology.

Among the issues that we have in the modernization plan that the Secretary spoke of is the ability to bar-code track records, which would be helpful at least in getting an answer to the veteran whose claim you described a moment ago, automate the preparation of decisionmaking and the on-line access to computer systems to support the whole process.

We also have invested, as this committee knows, in the training of our personnel, and we are seeing the positive results of that as well.

Senator MIKULSKI. Well, first, some of the biggest complaints come from the D.C. regional office. It has a history of problems and a history of inertia in trying to solve its problems. I really urge you to take a look at the D.C. regional office.

But let us go to the issues of both personnel, as well as modernization of equipment. You include \$17 million for ADP modernization, which is supposed to speed up the claims, and then we have also spent already, Mr. Secretary, about \$100 million on this.

When is this going to be done and when is it going to really expedite the claims? Is this \$17 million then the cap that really puts it together, or is this just one request?

Secretary BROWN. It is not all that we requested, Madam Chair. We are now in the process of installing additional computer capacity in the regional offices. It begins now and it extends into the first quarter of the next fiscal year. That provides a basis upon which to install additional computer systems, which will certainly assist.

We have a plan, that we would be very pleased to share, that with the installation of these certain computer technologies we will,

in fact, bring down the now unacceptable period of time it takes to adjudicate claims. We feel confident in our system, that in 1995, 1996, 1997, with the incremental installation of the modern technology, we will make significant inroads into the long period of time it takes for a claim to be adjudicated. That is a routine claim, Madam Chair, not an appealed claim.

CLAIMS ADJUDICATORS

Senator MIKULSKI. Well, let us go to the claims adjudicators.

Mr. Secretary, you raised the concern about the accuracy of numbers, but also, we were told at prior hearings that the VA, that 50 percent of the claims adjudicators, the people whose judgment we relied upon, were trainees.

One-half of the people were trainees and 34 percent of the claims examiners had less than 2 years' experience. You know there is nothing like experience—you have been around the track, you know how—the more experienced you are, the more accurate your judgment is, and the more expedited your judgment is.

We included \$2 million in last year's appropriation for training in order to be able to improve quality and timeliness. Could you tell us then where we are in terms of the claims adjudicators, what retention? Really retention of this seems to be crucial. And did that \$2 million do any good?

Mr. VOGEL. Madam Chair, the good news is that we are down now to about 28 percent of claims adjudicators who are trainees, down from 50 percent. We certainly have made, I think, a good investment in the training funds that have been provided.

In the last year, we trained 419 adjudication personnel at the Veterans Benefits Academy in Baltimore. These are beginning adjudicators as well as adjudication personnel who are midstream in their training and development.

Additionally, we have sent out to various sites around the country people with special technical ability to then, in turn, train clusters of mostly rating personnel, people who are involved in disability evaluation and claims for service-connected disability benefits.

We trained about 450 people that way. And the training has largely been keyed on things like the impact of the Board of Veterans Appeals' decisions, posttraumatic stress disorders, mustard gas exposure, rather complicated issues. And the investment I think has been well placed.

We plan next year to continue with that training. The training academy in Baltimore, Madam Chair, would really welcome a visit by you and your staff if you ever have the opportunity to spend some time there. It is encouraging to me to see the efforts being made there. The money is well spent.

Senator MIKULSKI. I am glad to see that you are talking about people midway through, because there have been new breakthroughs in rehabilitation and others, significantly due to VA medical research. One part reinforces the other.

I want to note the presence of Senator Bob Kerrey, who has joined the subcommittee—well, has been a member of the committee, but has joined the hearing.

Senator Kerrey, do you have a statement or any questions you would like to ask?

MEDICAL CARE FUNDING INCREASE

Senator KERREY. Madam Chair, I do have some specific questions that I would like to give to the Secretary, having to do with some difficulties we spoke about with rural access.

We have got a multiple catchment area problem with Wyoming, Colorado, South Dakota, and Nebraska, in the western part of the State. There is a surgical facility in Lincoln that there is a question of architectural services, and some constituents of veterans organizations talking about some problems they have with Omaha, a question on homeless veterans, and some other things that I would like to ask, and I will submit those, Madam Chair, for the record.

As I said yesterday, Mr. Secretary, one of the things that needs to be observed right up front is the lockout and some things that need to be corrected.

And I appreciate your willingness to come and talk to some of our veterans' organizations and visit on site, because it is oftentimes true that that is the best way to resolve the problems.

Many of our problems are going to be an awful lot easier to solve as the result of President Clinton's willingness to put an additional \$1 billion into medical services, so that you start off with \$15.6 billion.

Our job is an awful lot easier than if you start off with \$15.1 billion, or \$15 billion, which a lot of people were expecting to happen.

I remember watching the heroics of our Chair, last year, in particular, but other years as well, fighting to get more money into that medical account. It is just so easy for people to forget an obligation. I notice some in the Congress that do not feel like we have an obligation. That is fine. They straightforwardly say that we do not.

And that is a position that is a lot easier to understand than when people just say, "Well, OK. Yes, we made a commitment in World War II, Korea, and Vietnam, but, gee, we are out of money now, and tough economic times, blah, blah, blah, so now forget it."

I mean, it is an obligation that I believe that we violated and we are at risk of losing something in America that I do not think people want to lose. The quality of our commitment to people who we have asked to surrender their freedom I think is a very important quality to maintain.

So I am very grateful to President Clinton in his willingness to put \$1 billion in. I know it is not easy to do. As I indicated to you, I would like to find some money to put into VA research.

I am a beneficiary of that research. I had a lot of experience with that research side. So we will look and see if we can find some additional resources for that.

Madam Chair, all the questions I have I can submit for answering at a later time.

I am just very appreciative of the funding levels of the VA medical. We would not have gotten as much as we would have gotten in the last couple of years were it not for Chair Mikulski fighting to get increased money in. And though I may have some disagreements at the margin, it is going to be an awfully lot easier to make things work at this funding level.

Senator MIKULSKI. Thank you very much, Senator Kerrey. Your questions will be submitted for the record.

SEXUAL HARASSMENT

Mr. Secretary, there are many questions that we would like to discuss with you, but we will submit them for the record.

We would like to close by asking—on the issue of sexual harassment, you expressed zero tolerance for sexual harassment. You centralized the complaint process so victims do not have to report the complaints in their own hospitals and specific areas.

So we wonder what has been the impact of this new system. Are there many victims coming forward, or do you feel that it is working better? Could you just share with us an update on that?

Secretary BROWN. Yes, ma'am; first of all, I would like to thank you very much for initiating the GAO investigation of this issue. GAO visited approximately 12 VA sites. While the review was intended to determine the potential extent of sexual harassment in VA medical centers, rather than an in-depth investigation of actual cases, it did reveal some things we need to look at. There was one area that we were especially concerned about and that was reprisal.

I am told that a number of people had expressed concern, and felt intimidated in terms of coming forth for fear of reprisal. So as a result of that, on May 26 we issued a letter to all employees telling them they had nothing to fear and requiring that all allegations of reprisal be reviewed at the next higher organizational level.

In addition, we are going to issue a letter to all of our facility directors telling them that they are going to be challenged to ensure that people are not taken advantage of as the result of coming forth and telling the truth. That is one of the things that has come out of the process.

Another area I think was very interesting—and, in fact, I have asked my deputy, Mr. Gober, to personally take charge of that—was the complaint that some of our 260,000 employees did not get the letter that was sent to all of them.

We are trying to find out exactly what happened in that, to make sure that when we send out a letter to each and every person, that each and every person receives that letter.

In addition, we established an ad hoc work group in-house, which I think has brought a tremendous amount of insight into the process, helping us set up our criteria for providing training on sexual harassment prevention.

We are going to give employees credit for their training. We are going to do an employee survey. I think it is very, very important that we go out to our people to ask them what are their perceptions of how the system is working, and how we can strengthen the process. We are looking for big things to come from that survey.

We are also looking at our procedures. It is great to sit up here in Washington and design a theoretical process that is supposed to protect people in the workplace, but we want to know how effective it is from a realistic standpoint.

We want to eliminate the glass ceiling problem, which I think is very important. As you know, I am committed to diversity—ethnic and gender—throughout the entire agency.

We are going to require studies to be conducted in such areas as mobility requirements to enter training programs, spousal assistance, finding jobs to encourage mobility, and identifying better ways to promote the advancement of women and minorities. And we are going to broaden the ad hoc group to give us different perspectives from the medical side as well as other sectors of the VA work force.

I think we are making progress. And I think, more importantly, we are going to be sending some very, very strong messages to those people who engage in unacceptable behavior in the workplace by the kind of action we take on those individuals.

Senator MIKULSKI. Well, we thank you for your efforts in that area. We know that the GAO has come out with their preliminary findings. I think once they have completed that and then your own surveys, that over the next couple of months we can develop a real good policy, and we look forward to working with you.

602(B) ALLOCATION

We expect that we will have our 602(b) allocation when we come back from the Memorial Day workweek. At that time, we will be looking at the direction of our funding. I think we have outlined a clear set of priorities.

I think you have outlined a clear set of priorities. We intend to move our bill by October 1. Knowing that the President's health insurance plan was passed this year might require a new program, and we look forward to that.

Right now we have our priorities, and all we need is the money, and we are ready to go. Thank you very much.

Secretary BROWN. Thank you, ma'am.

ADDITIONAL COMMITTEE QUESTIONS

Senator MIKULSKI. We will submit the balance of the questions for response in the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR MIKULSKI

NATIONAL HEALTH REFORM

Question. The PVA's "Strategy 2000" says that VA could lose 25% of its current outpatient workload if veterans could choose to use private facilities. Do you agree? If so, what are the ramifications of this on the future of the VA medical system?

Answer. Veteran surveys reveal that 88% of VA's outpatients did have insurance, such as Medicare, Medicaid, or other coverage which permitted them to choose private facilities in the past without national health care reform, and yet they chose to use VA outpatient care. Thus the factor of insurance coverage is not the only relevant question to ask about why veterans might choose VA outpatient care over private care. One must be able to compare many more characteristics of veterans; their preferences and behaviors, their available alternatives, the features and extent of coverage within systems or plans of care, and perhaps most importantly, veterans' out-of-pocket costs. Medicare and private insurance plans currently have many costly (to patients) gaps in coverage.

VA has always met a substantial share of the inpatient and outpatient care of veterans who have only Medicare. For those under the age of 65, 72% of veteran outpatients with only Medicare used VA. Almost 40% of veteran outpatients age 65 and over with Medicare only coverage used VA. For veterans with both Medicare and Medicaid, or even Medicaid only, veteran inpatients and outpatients who choose VA for both groups are still substantial. The same is true of the 40% of inpatients age 65 and over with only private insurance who choose VA inpatient care. This suggests that VA has had much to offer veterans in the past and will continue to meet their expectations and needs of the future.

Question. Secretary Brown, you have called for opening up the VA system to all 27 million veterans. Has VA done a survey to determine how many veterans might use the system if it were opened up? What is the Department's estimate? Could VA accommodate additional patients within its current infrastructure? How many additional patients could be accommodated?

Answer. No, we have not yet conducted any surveys to determine veteran choice after national health care reform. In order for anyone to answer this question intelligently more has to be specified about the national health care plan and VA's plan to continue to meet these and other unmet needs of veterans. This issue will surely be addressed in the near future when VA's role in National Health Reform is outlined by interested parties both internal and external to VA. Departmental work in eligibility reform suggests that in the absence of national health reform, approximately twice today's number of veterans would get care in VA.

Question. If VA were to compete along with private providers as part of the President's health care reform plan, what sort of investment is needed--in terms of staffing, infrastructure, equipment --to ensure VA can compete on a level playing field with private health care providers?

Answer. These details require information that is not available at this time in the scope of the national benefit package, on changes in VA contracting authority under a reform system, and the demand to VA care.

Question. Will the budget request, which was put together prior to health care reform, need finetuning or even major changes once the President's health care plan is released, to ensure VA can meet the role the President's plan calls for?

Answer. Yes, VA's budget will have to be fine-tuned to meet national health care plan expectations. For example, more home health care (skilled), including some personal assistance (unskilled), for severely disabled long-term care patients may be included in the basic benefit package. VA has not traditionally provided unskilled personal assistance services except on a pilot basis, and moreover, has not provided skilled home care at more than half of the VAMC's. When provided, constrained resources have not met all veteran needs. Many similar adjustments may be required for other types of health care services.

Question. Do you believe the system should be opened up to families of veterans? Why or why not? Assuming veterans could use private health insurance to pay for care in VA, would opening the system up to families make VA a more attractive health care option for those veterans?

Answer. This is a difficult problem to address immediately. VA must give veterans first a choice to use VA, its resources, and infrastructure. If the initial demand of veterans is less than resources and capacity permit, then it may be more attractive to open up the system to the families of veterans.

Question. You have said that VA should serve as a role model for national health care reform. Please describe how the VA should serve this role.

Answer. There are no examples of a national managed care system which truly integrates acute and long-term care. VA, while also requiring enhancements to achieve this status, may be further along in meeting this requirement than any existing system or plan. It is the largest centrally managed, organized and financed health care delivery system in the country. It is globally budgeted. It is a major provider and purchaser of health care through an integrated system which provides high quality medical care to patients across an extensive continuum of care not often provided by other systems or plans. It has employed economies of scale in many areas of health care noted for escalating costs, e.g., pharmacy, and has already developed many of the management and clinical support strategies necessary for this

type of organization.

VA'S NATIONAL HEALTH PLAN

Question. VA has been working on its own National Health Plan for many years. This plan would - - for the first time - - really make the VA into a managed care system - - rather than 171 separate hospitals. VA's plan would divide the country into geographical service areas, with each GSA "anchored" by large tertiary care facilities. Many VA hospitals would have their missions changed from acute care to outpatient or long-term care. How much more work needs to be done on VA's own national health plan? Does VA believe its own plan will be compatible and "interoperable" with the President's health care reform plan?

Answer. Much remains unknown regarding the President's health reform plan. VA does, however, believe that the move to a managed care approach to the delivery of health care to eligible beneficiaries is essential. VA's plan is evolutionary in that it is a dynamic planning process that provides a sound basis for planning construction management and budget, through continuous evaluation and modification. VHA is currently proceeding to identify and apply a process for facility mission designations which will address patient care needs and programs at the local network, regional and national levels.

At present, VA is the largest integrated health care system in America and is in a unique position to significantly contribute to national health reform. When one considers that in addition to the delivery of health care, VA contributes to the health care environment in the areas of medical research and medical education and training, we believe that not only will VA be compatible with the President's health care reform plan, but will be a leader in providing quality health care in the nation. Prior to any major advances in this area, legislation will be required such as eligibility reform allowing VA to provide a full continuum of health care services to eligible beneficiaries rather than the fragmented care that we face under the current eligibility structure.

CHIEF MEDICAL DIRECTOR

Question. VA is required by law to have a physician head its medical system. Are you in favor of changing this requirement, and if so, will VA propose legislation to change this requirement?

Answer. The Veterans Health Administration is not in favor of changing the statutory requirement that the Under Secretary for Health (i.e. Chief Medical Director) be a qualified physician. The multiplicity of the VHA mission, especially its health care and education missions, requires the exercise of clinical judgment that can only be done by a physician. In addition, the Under Secretary for Health deals with the Surgeons General of the various military services, the Surgeon General, deans of various medical schools, along with numerous other senior health care executives, all of whom

are physicians. It is critical that the Under Secretary for Health continue to be able to deal with these individuals as a co-equal on a physician-to-physician basis.

QUALITY OF CARE

Question. VA has made improvements in its quality assurance efforts, such as setting up a system to ensure physicians have proper credentials, and initiating a systemwide performance review, yet there are still significant problems. The Inspector General recently issued reports detailing the following:

- o The death of a patient at the West Haven, CT VA was caused by his being discharged prematurely.
- o At the Popular Bluff, MO VA, a surgeon abused a patient by failing to use an appropriate anesthetic during a major operation
- o A patient at the Battle Creek, MI VA suffered a fatal heat stroke because he was kept in a room without temperature controls.
- o At the Martinsburg VA, two patients died because their illnesses were not diagnosed in a timely manner.
- o In September, a patient in Augusta, GA was given the wrong type blood during surgery and died as a result.

Why does VA continue to have such serious problems [in their quality assurance efforts]?

Answer. VA is committed to improving the care we provide veterans at every level of care and at every VA health care facility. This commitment is demonstrated by the rapid changes which are taking place in our data collection and analysis methods of health care practices throughout the system. We fully agree the six cases which you listed represent significant quality of care concerns in those VA medical centers where the patients were treated. Each of these cases has been reviewed by appropriate clinical and quality management staff, both in the field and VA Central Office, to determine the facts and what interventions and resolutions are needed. We feel these cases, however, are not representative of VHA care in the main. As a health care system treating over one million inpatients and twenty million outpatients yearly, the VA is the most highly reviewed system of health care in the United States. Because of this, we fully appreciate the importance of meeting or exceeding the same high standards of health care practiced in many of our finest private sector medical facilities in the country. To ensure VA's comparability to private sector health care practices, we are in the process of designing national data collection and analysis capabilities which will allow us to assess and compare the care provided veterans with that of the non-VA health care community. These initiatives are detailed for you in our responses to your following two questions.

Question. VA has undertaken some steps to improve quality care, but do you have evidence that these steps are leading to better care? What performance standard are you using to measure improved quality of care?

Answer. A review of the current medical quality assurance literature is still inconclusive regarding which methods have proven reliable in determining the effectiveness of quality of care initiatives. There is simply much more work needed to be done in the areas of efficacy and effectiveness of health care practices. Those areas where there is good consensus on what methods most directly lead to quality of care improvements are being incorporated into VHA's rapidly evolving quality assessments models. These principles are:

- 1) measurements of quality should be based on recognized national clinical practice guidelines,
- 2) data collected must describe important aspects of care in a clinically homogeneous patient group or cohort,
- 3) the quality measures used are designed and concurred in by the same providers whose care will be evaluated, and,
- 4) the analysis of the data collected is clearly communicated in a timely manner to those front line staff who can directly affect appropriate change as needed.

The VHA models which have been designed around the above principles include:

- 1) The Quality Improvement Checklist (QUIC) - a national automated data roll up system of clinically focused data which looks at thirty-one important characteristics of health care indices in all VA medical centers. Current patterns now being reflected in QUIC data show steady improvements. For example, the number of duplicative prescriptions given to outpatients for neuroleptic drugs decreased by 21 patients during fiscal year 1992. This is statistically significant to a level of .001. During the same time period, the number of surgical procedures with level 1 or 2 (senior clinical) supervision increased by 2.5 percent - again, significant to the .001 level.
- 2) The External Peer Review Program (EPRP) - a nationally contracted program which uses explicit screens based on clinical practice guidelines, applied by non-VA clinicians and then reviewed by non-VA physician peer review panels to assess the quality of care provided in VHA.
- 3) The Tort Claim Analysis Program - a sharing agreement with the Armed Forces Institute of Pathology to review and assess what implications and opportunities for improvement exist in VHA by looking at closed tort claim cases involving clinical quality of care issues.

Each of these monitors will provide the opportunity for comparisons with private sector health care. Further, all VA medical facilities are fully accredited by the Joint Commission for the Accreditation of Healthcare Organizations (JCAHO). This is important because the JCAHO emphasizes

strong clinical and administrative health care processes which are consistent with the above principles relating to good quality assessment models. VHA JCAHO scores have improved over the past two years from seven points below to five points above the national non-VA average. This has occurred because of a concerted effort by the Under Secretary and supporting VACO and regional offices to provide the field with relevant and timely information and training pertaining to improving quality assessment processes at all levels within our medical centers. Full compliance with JCAHO standards in each VA medical facility, while not a surrogate for a direct measure of the quality of care provided, serves to increase the probability of good health care outcomes.

We have also revised other national quality assessment programs such as Occurrence Screening, Patient Incident Review, Utilization Review and Patient Satisfaction Survey, to ensure they meet the same standard of excellence of those programs previously described.

Question. Last year, VA contracted with a private firm to undertake a review of all VA hospitals, called the "External Peer Review Program." What is the status of this effort? Has the review turned up any major problems that are being corrected? When will we hear results? What are the criteria the contractor is using to judge whether hospitals are providing good care, and how are those criteria decided upon?

Answer. Since the External Peer Review Program (EPRP) is still in its infancy, analysis of data is premature. However, unsolicited comments offered by the non-VA physicians participating in the peer review activities are very favorable regarding the quality of care being provided. Other agencies have expressed interest in the EPRP process as a possible model for the evaluation of medical care. On April 24, 1992, the contract for EPRP was awarded to West Virginia Medical Institute, Inc. (WVMI), for 26.6 million dollars. However, implementation of the program was delayed pending the outcome of a protest filed by one of the unsuccessful competitors. The General Accounting Office rendered its decision regarding the protest on October 29, 1992. The protest was denied.

Since November 1992, implementation of the External Peer Review Program has proceeded at a rapid pace. Two satellite video conferences were presented to orient medical center staff to the program. Initial data collection began in January 1993; 50,000 episodes of care will be reviewed each year by Abstractors who visit each VAMC at least quarterly. To date, some medical centers have been visited as many as five times, all have been visited at least once. Prior to leaving the medical center, abstractors conduct an exit conference to discuss the work they have accomplished and their preliminary findings. The intention of the exit conference is to provide VAMCs with the most timely feedback possible on cases that might present possible opportunities for improvement. Those cases actually identified as having any of the initial computer screening criteria are forwarded for review by the physician peer review panel which has met face to face on a monthly basis since January 1993. Any peer review determinations and/or reports

identifying cases or patterns yielding opportunities for improvement will be made only after considering explanatory comments from the VA medical center and, where necessary, after a full chart review.

EPRP will also examine one component of VA's internal peer review program pertaining to the evaluation of selected sentinel events occurring during the patient's hospital stay. Seventeen hundred medical records that have already been the subject of peer review following an occurrence in the medical center will be reviewed by the peer review panel who will apply the same guidelines for reviewing the care and assigning a quality of care rating.

In the first year of the five year contract, VA is emphasizing the review of 17 acute medical diagnoses and surgical procedures. Criteria for these topics were adopted largely from the Department of Defense's Civilian External Peer Review Program, with modification by the physicians employed by VHA's contractor. Additionally, review will be added to include four more topics for review of patients treated in ambulatory, long term, and nursing home care.

A maximum of 10 new criteria sets will be developed annually in years two through five of the contract. The contractor will utilize a panel of currently practicing, non-VA physicians representing medical and surgical specialty societies to review, select, modify or develop these criteria. Data generated will enable an independent, comprehensive evaluation of the quality of care provided and will allow facilities and practitioners to assess and improve their performance over time. Reports, which aggregate the cumulative disposition of each case under review by topic and allow comparisons by review topic, will be prepared. On a system wide basis, it is anticipated that EPRP will:

- provide valid documentation of the frequency with which care in VA meets or exceeds community standards;
- restore the credibility of VA as a provider of health care and, thereby;
- restore the confidence of our veterans and other external consumers;
- establish VHA as a leader in quality health care; and
- provide feedback to medical center, regional, and central office management and practitioners at the bedside regarding opportunities for improvement that can and should be implemented to enhance the quality of patient care.

Reports on causes of opportunities for improvement will also be prepared from the data collected to enable VAMCs to integrate this information into their ongoing quality management programs. Meaningful results should be available by the end of the first contract year, sometime early in 1994.

MEDICAL EQUIPMENT

Question. Many VA hospitals have purchased very expensive state-of-the-art medical technology without having the numbers of patients to justify the expenditures. This has resulted in duplication of services, and some sites not fully utilizing their high-cost, high tech diagnostic and therapeutic equipment. What is your plan to make better use of existing resources and to prevent hospital directors from purchasing unnecessary high-tech equipment, particularly as VA moves to less acute care and more preventive, outpatient and long-term care?

Answer. VA medical centers submit requests for high technology/high cost equipment items through an assessment process which results in a prioritized listing for application against available resources in a given fiscal year. High technology/high cost is defined as any equipment or system which costs greater than \$250,000. The prioritization process relies on a point system with VA medical centers and VHA regions assigning allotted points. Careful review by an expert panel including Clinical Affairs in VA Central Office assures that all equipment proposed for funding is supported by workload and is not duplicative in nature.

Because of the increasing sophistication and cost of medical equipment, and the need to assure that VHA is not unduly addressing 'state of the art' equipment at the expense of necessary replacement items, the prioritization process has recently been reviewed and additional improvements recommended for the FY 1994 selection. Improvements include modifications to the methodology for scoring to: favor replacement items over new or initial starts; include a required financial analysis to encourage shorter payback periods; allot additional points if the requested item is used as a resource for more than one facility (i.e. network).

Question. What is the backlog of equipment needs, and how much of this backlog is for "high-tech" equipment? What is the budget estimate for such equipment in FY 94? How does the department determine whether to purchase specialized state-of-the-art equipment?

Answer. The FY 1993 medical equipment backlog is \$756 million. The FY 1994 replacement medical equipment budget is \$281 million. Specialized state-of-the-art equipment is only purchased after review and approval by the VHA Region and the Central Office expert panel.

Question. What does the department believe to be an "acceptable" level, in terms of equipment backlog?

Answer. The Department does not believe there is an "acceptable" level in terms of equipment backlog. Any backlog in high-cost, high-tech equipment that has met or exceeded potential life expectancies compromises the ability to deliver high quality medical care.

Question. What is the Department doing to make use of sharing

agreements for medical equipment wherever possible?

Answer. Section 103 of Public Law 102-405 (codified at 38 U.S.C. section 8157 and 8158) required VA to establish new objectives, policies, and guidelines for acquiring medical equipment to be jointly owned by VA and health care facilities, medical schools, and research centers (the term "research center" is defined in 38 U.S.C. Section 8152), including Department of Defense and Indian Health Service. The purpose of this program is to promote joint ownership and use of medical equipment; promote sharing between VA and other eligible providers; improve the access and quality of care provided veterans; and optimize cost avoidance and cost efficiencies for the Federal government.

The program has operated since 1986 without specific Title 38 authority following Appropriations Committee Report language that accompanied P.L. 99-160.

New guidelines are currently in concurrence and will be released to the field during July 1993 and awards for facility proposals are planned for September. A copy of the approved guidelines will be provided to the appropriate congressional committees as required by Public Law 102-405.

The facility submission and award process for fiscal year 1994 will be in line with the agency planning and budget cycle to allow consideration for additional staff and site construction funds. This was also required by the Public Law.

Ten million dollars has been set aside for facility proposals and funds will be available from August 1, 1993, through September 30 of the following year. The new authority and resulting guidelines will make the program more competitive and attractive to potential sharing partners. This program will continue to provide a vital and perhaps increasing role in VA plans to purchase medical equipment.

GENERAL PRACTICE PHYSICIANS

Question. It is clear that, nationwide, there will be an increased reliance on general practitioners as opposed to specialists in the future. This is becoming increasingly true in VA as well. What is VA doing to increase the number of residents in general practice, and is the Department concerned there may be a shortage of such physicians in the future?

Answer. The Veterans Health Administration (VHA) Office of Academic Affairs has two major initiatives aimed at enhancing the training of generalist and primary care physicians. These are:

1. **AMBULATORY CARE TRAINING INITIATIVE FOR RESIDENTS.** This initiative was started in academic year (AY) 1991/92 and will enter its third year on 7/1/93. The emphasis is on training residents in health care delivery in the ambulatory setting, and the majority of positions allocated are

in general internal medicine. Positions allocated to this program in AY 1993/94 (starting 7/1/93) are 77. These will be increased to 100 in AY 1994/95. The program has been highly successful with 50 to 60 VA Medical Centers (VAMCs) competing for the positions. These are allocated on a competitive basis to facilities whose residency training programs show strong academic content, support and supervision.

2. MEDICAL RESIDENT TRAINING FOR PRIMARY/MANAGED CARE. This initiative is planned to start in AY 1994/95 (starting 7/1/94). Two hundred medical residency positions will be allocated, on a competitive basis, to VAMCs which have strong primary/managed care programs. These programs are characterized by emphasis on primary care, patient-centered care and continuity of care. The positions will be allocated in general internal medicine, family practice and preventive medicine, all primary care generalist disciplines. They will be allocated in modules consisting of four medical residency positions, three advanced nursing, one social work, one physician assistant, and four other associated health professions training positions. The inclusion of associated health and physician extender trainees is in accord with national emphasis on these professions in the healthcare workforce. This major initiative will have far reaching effects on medical residency training programs within VHA. It will be a strong incentive for VAMCs and their academic affiliates to establish managed primary care programs to be competitive for these training grants. VHA believes that managed primary care will provide veterans with better continuity of care and more efficient access to VA resources.

It should be noted that, in addition to the two specific initiatives mentioned, VHA supports a large number of "regular" residency training positions in general internal medicine and family practice. In AY 1993/94, general internal medicine positions total 2,723, and family practice 79. Currently many residents in the U.S., upon completion of three years of general internal medicine training, go on to specialize in cardiology, gastroenterology, rheumatology, etc. VHA maintains a ceiling on the number of medical specialty training positions it funds so that VHA produces only 500 medicine specialists annually while producing 1,000 medicine generalists.

The Department is concerned that the national shortage of generalist physicians may impact VA's ability to recruit needed generalist practitioners. These initiatives will increase the numbers of residents who choose to become generalists, and VA's chances of recruiting and retaining them as staff physicians.

WOMEN VETERANS

Question. In FY 93, the Congress provided \$7.5 million to address the needs of female veterans. How are those funds being spent and what has VA done to improve care to female veterans? To what extent are the additional funds being used to provide counseling and treatment activities for female veterans who were sexually assaulted or harassed while serving in the military? How many female veterans currently use the VA medical system?

Answer. \$7.5 million was provided for "programs to address the needs of women veterans, including counseling and treatment activities for female veterans who were sexually assaulted or harassed while serving in the military." To accomplish this, VHA adopted the following programmatic goals:

(1) Increase the awareness and sensitivity of all clinical staff to the fact that women veterans have been sexually abused in the military and that this can lead to long-term psychiatric and psychosomatic sequelae.

(2) Provide training in the treatment of sexually abused women within the system.

(3) Smooth the entry into the system of women who have suffered sexual abuse.

(4) Provide outreach and VAMC triage to the women who need VA services and the community.

(5) Establish quality indicators and monitoring mechanisms to assure the quality of the services offered.

The following allocation of funds for FY 1993 and beyond was made:

Program Activity	Amount
Comprehensive Women Veterans' Health Centers	\$3,000,000
Women Veterans' Stress Disorder Treatment Teams	1,500,000
Women Veterans' Programs Vet Centers	1,500,000
Full-Time VAMC Women Veterans Coordinators (15 Field Facilities)	856,313
Full-Time Regional Women Veterans Coordinators	140,115
National Training Program plus Program Evaluation and Coordination	<u>502,696</u>
	\$7,499,124

Requests for proposals were sent to the field for selection of the comprehensive health centers and the stress disorder treatment teams. Four Comprehensive Women's Health Centers have been funded, one in each region. These are Southeast Pennsylvania Network (Philadelphia, Lebanon,

Coatesville and Wilmington); Minneapolis; Tampa and San Francisco. The selection of the stress disorder treatment teams will be completed by July. Counselors are being hired in 64 Vet Centers to provide outreach and treatment to women veterans who were sexually traumatized. Sites for the placement of the full-time Women Veteran Coordinator positions have been identified and position descriptions are being developed. One Regional Women Veterans Coordinator position has been filled and the recruitment for three additional positions is underway.

Policy has been established for priority care for women who have been traumatized. The National Center for PTSD (Post Traumatic Stress Disorder) has established a special women veterans section and the Inpatient Treatment facility in Palo Alto (Menlo Park) has had its mission expanded to encompass sexual trauma in addition to combat related stress. A National Training Program for Women's Health is well underway with an early emphasis on sexual trauma. The first satellite television conference on the diagnosis and treatment of sexual trauma was held May 12 and a brochure on the new authority is in the final stages of development.

According to the unduplicated count of female inpatients and outpatients in FY 1992, 274,386 women used VA facilities.

VA MEDICAL REGIONS

Question. VA has four regional medical offices supervising the health care system, with a total staff of 500. How does VA's regional office staff compare to health maintenance organizations? Does VA need to have such a large number of regional office staff?

Question. There is no comparable system to the Veterans Health Administration (VHA) in the private sector. VHA manages 171 medical centers, 120 nursing homes, 33 domiciliaries, and 46 independent or satellite outpatient clinics. No HMO has this size and range of facilities, or the highly specialized programs in areas such as spinal cord injury, rehabilitation, and long term psychiatric care. The four missions of VHA -- medical care, research, education, and support of the Department of Defense -- are not fully shared by any private sector entity. VHA, by law, affords eligible veterans the opportunity to receive high quality health care across the full range of its capabilities, and through non-VHA sources when the need arises.

In order to manage this geographically dispersed, highly complex system, the decentralized management structures embodied in the regional offices have evolved to facilitate more consistent and timely dissemination of information and adequate oversight of day-to-day operations. The level of staffing at the regional offices is seen as the minimum necessary to carry out functions in support of the missions of VHA, and mandates of Congress.

The range and types of functions supported by these staff include Quality Assessment, Equal Employment Opportunity, Construction Management, Resource Management, Planning, Emergency Medical Preparedness, Consumer Affairs, and other program areas. Experience has

shown that having staff for each of these programs and activities at the region level has enhanced communications with and permitted more direct oversight of companion activities at medical centers.

The size of the regional offices is linked to the effort to outplace responsibilities and activities from VACO. Over the last several years, concerted effort has been made to outplace clinical staff from Washington to the field, and often, these functions are best accomplished at the region level. Examples include the decentralization of the quality assurance activity (including radiation safety, industrial hygiene, fire and safety, nursing, and pharmacy), which accounts for approximately 40% of the staff at the region offices.

FY 93 regional staff is projected at less than 400 FTE. The majority of the increase in staffing (up to 500) is associated with the decentralization of the Office of Facilities. With oversight of major, minor, and minor miscellaneous construction projects, and NRM projects now being delegated to the region level, the FTE are needed to oversee contracts, monitor projects, and provide expert assistance in both planning and construction to medical centers involved in these activities.

FEDERAL ETHICS REQUIREMENTS AT VAMCs

Question. In a recent GAO report, it was revealed that senior managers at nearly one-third of VA's medical centers who receive part-time income from medical schools participate in the award or administration of contracts with the VA, presenting a serious conflict of interest which may violate federal criminal statutes GAO pointed out that a fundamental change in VA's operating practices will be needed to eliminate managers' involvement in prohibited activities. What is VA doing to correct this serious problem? What is the timeframe for making the necessary changes? What are the implications for the managers which have been involved in this activity?

Answer. VA now has in place an updated and expanded administration manual that spells-out in great detail all of the dos and don'ts of scarce medical specialist services (SMSS) contracting (MP-1, Part I, Chapter 34, issued March 11, 1993). This manual contains a comprehensive statement concerning conflict of interest issues. VA also conducted a national videoconference on March 19, 1993 which focused on conflicts of interest issues. VA facility directors must now certify that any proposed SMSS contract that is submitted to Central Office for review was developed in a way to avoid all conflicts of interest. In those instances where the GAO and the VA IG has identified violations of ethics laws, the VA will conduct a full investigation and will take appropriate action.

CONTRACTING PRACTICES

Question. The I.G. recently found in a nationwide audit of the 100 largest scarce medical specialist contracts that VA frequently is overcharged

for such contracts due to inadequate internal controls. For example, the I.G. found 58 instances in which there were not adequate efforts to recruit VA staff rather than contracting for the specialty. The I.G. estimated that excessive charges on current contracts total about \$14.5 million. What is being done to correct each of the problems identified by the I.G.? When will the I.G.'s recommendations be implemented? How will you ensure that medical centers follow all cost or pricing data requirements and ensure contracting integrity? What is the budget request for scarce medical specialists in FY 94? Can that budget be reduced based on the I.G.'s findings that VA was wasting resources by not adequately ensuring contracts were necessary and fairly priced?

Answer. VHA has nearly implemented all of the recommendations contained in the I.G. report. We are currently conducting a one-time review of all SMSS contracts. We are likewise developing a uniform format for cost and pricing data collection. These two items will be completed this Fiscal Year. All future proposed SMSS contracts will receive careful scrutiny by central office officials to insure contract integrity. Since we don't specifically budget for SMSS contracts, we can only estimate how much we might spend on this type of contracting. Based on FY 1992 expenditures and the current year's activities, we should spend approximately \$50 million in FY 1994. Based on the I.G.'s findings and tightened controls of SMSS contracts, we most likely will save money.

SCARCE MEDICAL SPECIALISTS

Question. VA's budget estimates \$62.5 million for scarce medical specialists, an increase of \$5 million (+9%) over the current budget and \$10 million over FY 92. Why is the budget increasing so dramatically, particularly as physician special pay was intended to reduce the number of scarce medical specialists contracts?

Answer. Based on improved SMSS business practices and the increased physician special pay, we now estimate that money spent on this type of contracting will level-off during FY 93, and possibly decrease in FY 94.

Question. Is the amount estimated (\$62.5 million) an accurate estimate of the value of scarce medical specialties purchased through contracts, or does the amount represent a "netting out" of sharing agreement arrangements? What is the actual value of the services?

Answer. This estimate was based upon actual trends and did not reflect any "netting out."

NURSE PAY

Question. The Nurse Pay legislation which was recently enacted, in addition to subsequent legislation which authorized a five-grade pay schedule, was intended to improve recruitment and retention of nurses by

providing pay comparable to that provided in the local community. What is the nurse vacancy rate at each of the 171 hospitals? Does the Department believe the recent legislation alleviated all concerns about recruitment and retention?

Answer. The nurse vacancy rates for each of VA's 171 medical centers are attached.

The locality pay system (LPS) which was established under authority of the Nurse Pay Act of 1990 and subsequent amendments to the law has been particularly helpful in recruiting entry-level nurses, but it has not alleviated all concerns about nurse staffing in VA. For example, LPS has not been responsive to a significant number of nurses who are in roles between the head nurse and chief nurse levels such as infection control, quality assurance, nurse practitioner, associate chief of nursing service for education (ACNSE) and associate chief of nursing service (ACNS). The need for additional space within the pay scale for these advanced practice and managerial nurses is beginning to surface as a problem that must be addressed if VA is to continue to effectively meet its nurse staffing needs. As a result of the two-step bump that all head nurses receive under LPS, ACNSE and ACNS pay is in some instances less than the pay for subordinates. Moreover, demand for the advanced practice type of nurses will increase significantly with implementation of health care reform which focuses on primary and managed care.

Another problem with LPS is that it is difficult to get accurate data from private facilities through the survey process. The chief executive officers of many community hospitals are unwilling to share data because of fear of compromising their competitive standing in the employment marketplace. In addition, the Department of Justice (DOJ) has been conducting anti-trust investigations concerning pay practices of the hospital industry, specifically the sharing of pay practices information among competing hospitals. This has led the American Hospital Association to warn member hospitals not to participate in salary surveys conducted by competing organizations. DOJ is concerned that VA's surveys, or meetings of VA and non-VA hospital officials, could involve shared information that private sector hospitals would use in price fixing of salaries in violation of the anti-trust statutes.

Nurse Vacancy Rates for VA Medical Centers
(Quarter 4, 1992 Survey of Health Occupational Staff)

<u>Medical Center</u>	<u>Percentage</u>	<u>Medical Center</u>	<u>Percentage</u>
Albany	0.0	Fort Harrison	0.0
Albuquerque	0.0	Fort Howard	0.0
Alexandria	14.6	Fort Lyon	0.0
Allen Park	0.0	Fort Meade	0.0
Altoona	2.4	Fort Wayne	0.0
Amarillo	0.0	Fresno	2.8
American Lake	0.0	Gainesville	0.3
Anchorage	0.0	Grand Island	3.0

<u>Medical Center</u>	<u>Percentage</u>	<u>Medical Center</u>	<u>Percentage</u>
Ann Arbor	0.0	Grand Junction	0.0
Asheville	0.0	Hampton	0.0
Atlanta	0.0	Hines	0.0
Augusta	3.1	Honolulu OPC	3.3
Baltimore	5.7	Hot Springs	4.7
Batavia	0.0	Houston	0.0
Bath	2.4	Huntington	14.5
Battle Creek	5.0	Indianapolis	0.0
Bay Pines	0.0	Iowa City	0.0
Beckley	2.8	Iron Mountain	2.9
Bedford	0.0	Jackson	0.0
Big Spring	0.1	Kansas City	0.0
Biloxi	0.0	Kerrville	0.7
Birmingham	2.7	Knoxville	0.9
Boise	0.0	Lake City	0.0
Bonham	0.0	Las Vegas OPC	0.0
Boston	0.0	Leavenworth	0.0
Brockton	0.0	Lebanon	0.0
Bronx	1.3	Lexington	3.6
Brooklyn	2.9	Lincoln	0.0
Buffalo	0.0	Little Rock	0.0
Butler	0.0	Livermore	0.0
Canandaigua	0.0	Loma Linda	5.6
Castle Point	2.2	Long Beach	0.0
Charleston	0.0	Los Angeles OPC	12.5
Cheyenne	0.0	Louisville	5.5
Chicago (LS)	0.0	Lyons	0.0
Chicago (WS)	0.0	Madison	0.0
Chillicothe	0.0	Manchester	0.0
Cincinnati	13.9	Marion, IL	0.0
Clarksburg	0.0	Marion, IN	7.0
Cleveland	0.0	Marlin	14.1
Coatesville	0.0	Martinsburg	0.0
Columbia, MO	0.0	Memphis	3.2
Columbia, SC	0.0	Miami	0.6
Columbus OPC	5.2	Miles City	0.0
Dallas	4.2	Milwaukee	0.0
Danville	10.4	Minneapolis	2.7
Dayton	0.0	Montgomery	9.0
Denver	0.0	Montrose	0.0
Des Moines	4.3	Mountain Home	0.0
Dublin	12.7	Murfreesboro	4.3
Durham	0.0	Muskogee	3.4
East Orange	3.8	Nashville	10.4
El Paso OPC	0.0	New Orleans	0.0
Eric	4.3	New York	0.0
Fargo	0.6	Newington	9.9
Fayetteville, AR	0.0	North Chicago	0.0
Fayetteville, NC	8.3	Northampton	0.0

<u>Medical Center</u>	<u>Percentage</u>
Northport	0.0
Oklahoma City	0.0
Omaha	3.1
Palo Alto	0.0
Perry Point	3.0
Philadelphia	11.2
Phoenix	0.0
Pittsburgh (HD)	2.4
Pittsburgh (UD)	6.2
Poplar Bluff	0.0
Portland	0.0
Prescott	0.0
Providence	2.2
Reno	0.0
Richmond	0.0
Roseburg	2.2
Saginaw	9.4
Salem	1.6
Salisbury	0.0
Salt Lake City	0.0
San Antonio	3.0
San Diego	0.0
San Francisco	0.0
San Juan	0.0
Seattle	0.0
Sepulveda	22.2
Sheridan	2.0
Shreveport	0.0
Sioux Falls	2.4
Spokane,	1.3
St. Cloud	0.0
St. Louis	2.8
Syracuse	0.0
Tampa	0.0
Temple	0.0
Togus	0.5
Tomah	5.7
Topeka	3.9
Tucson	0.6
Tuscaloosa	6.5
Tuskegee	19.7
Waco	2.0
Walla Walla	0.0
Washington, DC	0.0
West Haven	0.0
West Los Angeles	0.0
West Palm Beach	0.0
White City	3.6
White River Jct.	0.0
Wichita	2.0
Wilkes Barre	0.0
Wilmington	1.0
Overall	2.0

VHA TRAVEL

Question. Your budget for employee travel for the medical care account is \$33 million, an increase of \$6 million (22%) above the FY 92 budget. Why is there an increase of this magnitude?

Answer. The medical care appropriation has historically had a small travel budget in comparison to the total budget. Efforts have been made recently to improve travel funding to adequately support additional functions related to direct patient care and improved management. For FY 93 and 94 additional travel funds have been utilized to increase quality assurance site visits, increase the number and timeliness of EEO investigations, improve preparations for JCAHO Surveys, continuing education and training of clinical staff, and provide system wide training in Total Quality Improvement (TQI).

ALTERNATIVES TO INSTITUTIONAL CARE

Question. What is the status of the Department's pilot program of alternatives to institutional care, such as adult day care. What are the Department's plans for FY 94 with respect to this program?

Answer. In December 1992, the Department sought and received approval from the Appropriations Committees to use up to \$25 million in Community Nursing Home (CNH) funds for the purchase of community based long-term care services for patients at high risk of nursing home admission. To date, eighty-five VA medical centers (VAMCs) have submitted plans to participate in this initiative. These plans have been approved. Forty-four VAMCs will implement Homemaker/Home Health Aide Services (H/HHA) and Contract Adult Day Health Care (CADHC); thirty-eight VAMCs will implement H/HHA only; and three VAMCs will implement CADHC only. The eighty-five VAMCs have requested \$5.1 million to be diverted from the CNH program. Of that amount, \$3.7 million is targeted for H/HHA and \$1.4 million is targeted for CADHC.

VA plans to continue the diversion of CNH funds for community based long-term care services in FY 1994. The number of VAMCs participating in the initiative and the number of veterans served are expected to increase, although specific budget and workload projections are not available at the present time.

COMMUNITY NURSING HOME REIMBURSEMENT

Question. As I understand it, VA has had a pilot program on reimbursement rates provided for the community nursing home program. What is the status of that pilot, when will it be complete, and what do you hope to gain from it? What has been the total amount spent on this program?

Answer. The Community Nursing Home (CNH) Program pilot in reimbursement, called Enhanced Prospective Payment System (EPPS), is

underway at eight sites. VHA expects a completed evaluation of the pilot in July 1994.

VHA developed EPPS in response to significant concerns among VA staff, nursing home providers, and the Congress about VAMCs' ability to place patients in quality facilities at reasonable rates. EPPS represents an effort to introduce a cost-based reimbursement system to the CNHI Program. VA will assess the value (and the costs) of using an EPPS-like system in light of three goals. The goals are: (1) VA will purchase high quality nursing home care; (2) VA will reimburse nursing homes at a fair price - fair to the nursing home and the Government; (3) VA will be a preferred public payor. As a result of its reimbursement and other policies, VA will be treated as a valued customer; and (4) VA will adopt a reimbursement system that is equitable for all parties; rational and administratively simple to apply; and defensible to oversight groups.

VA estimates the cost of the EPPS pilots at \$1.4 million in FY 1992. This estimate includes the workload and rate increases.

Question. The I.G. has said the pilot test procedures for this program were flawed. How are the I.G.'s recommendations being implemented to ensure this pilot program provides viable information?

Answer. The Department is developing a more comprehensive evaluation methodology which will be implemented by October 1993.

HYBRID OPEN SYSTEMS TECHNOLOGY (HOST) PROGRAM

Question. What is the budget estimate for the HOST program in FY 94 and how does that compare to the current estimate? How much is the Department saving by using the HOST program rather than the Integrated Hospital Systems program? How is the VA determining which applications to test through the HOST program? A substantial amount of the DHCP budget was expended on the IHS program in the past, none of which was used to migrate successful technologies to other VA medical centers. The purpose of HOST is to ensure that successful technologies are migrated to other facilities. When do you expect that VA will begin to migrate successful technologies?

Answer. The decision to replace the IHS program with the HOST program was made in November 1992 and as a result no budget estimate was available at the time of the FY 94 budget call. The current estimate for the HOST program in FY 94 is \$14.5 million which is required if the Department is to convert to HOST at the former IHS sites by the end of FY 94 and initiate technology assessments nationwide. By replacing IHS with HOST, the Department expects to save money in both the short as well as the long-term. For example, in FY 94 the HOST program is estimated to cost \$14.5 million as contrasted with the IHS program which was costing the Department in excess of \$20.0 million annually. Furthermore, when the IHS contract at the Philadelphia VAMC is discontinued in August 1994, the cost of HOST will

decrease substantially. In terms of life cycle costs, the IHS contracts awarded at the Brooklyn and Chicago (Lakeside) VAMCs in FY 90 were estimated to cost \$84.0 million over a ten year period, yet were applicable to only two medical centers. Conversely, the HOST program will cost somewhat less than IHS over the same time period while its technology benefits will be realized by all VA medical centers.

VA has determined that commercial software applications and technologies will be selected for evaluation under HOST based on the potential benefits to the overall VHA medical community. It is the Department's intention to maintain a base of proven DHCP software in areas that have unique VA characteristics thus allowing HOST to focus upon value-added commercial health care applications. The HOST program will improve VA's ability to evaluate and migrate commercial technology by employing highly specialized commercial health care applications that augment current DHCP capabilities and offer utility nationwide. The HOST program has been implemented during FY 93 at four of the former IHS sites through an aggressive conversion effort. At the Philadelphia VAMC, the existing IHS system will be phased-out by August 1994 and replaced with a combination of DHCP and HOST applications. Current plans call for VA to complete ten HOST technology assessments, including 5 at the former IHS sites, between now and the end of FY 94.

PHARMACEUTICALS

Question. What is the latest estimate of drug prices for FY 93 and 94?

Answer. We assume your question is in the context of "covered drugs" as defined by P.L. 102-585. As a result of P.L. 102-585, prices on "covered drugs" were significantly reduced during FY 93. There has been no estimate by VA of what "covered drug" prices will be for 94, but we believe they will be somewhat higher in FY 94 than in FY 93.

For multi-year contracts, such as the Federal Supply Schedule, the manufacturer is required to provide Federal Agencies (VA, DoD, and PHS) in calendar year 94 at least the lower of:

- 1) the previous year's contract price increased by the consumer price index (urban), or
- 2) the Federal Ceiling Price ((0.76 X non-FAMP*) - additional discount).

* Non-Federal Average Manufacturer's Price

In the case of a drug on an expiring single year contract, the Federal Agencies will attempt to negotiate a new contract. If a manufacturer elects to enter into a contract, it must offer a contract price which does not exceed the Federal Ceiling Price. To the degree that a manufacturer has kept market prices in line with the rate of inflation during 1993, the additional discount

component of the Federal Ceiling Price will disappear, and the Federal Agencies will be entitled to 24% off the non-FAMP.

It is important to note that manufacturers take other factors into consideration when making pricing decisions such as the prices of other therapeutic alternative products and product demand. These factors may result in some price reductions.

Question. What is the status of prime vendor?

Answer. Based on the successful implementation of pharmaceutical prime vendors at 33 test sites in 1991 and 1992, the Veterans Health Administration decided to implement the program across all medical centers. On April 23, 1993, the VA National Acquisition Center announced contract awards covering another 80+ medical centers and clinics. By the close of FY 1993, the entire VA health care system is planned for conversion to pharmaceutical prime vendors. VHA is also moving ahead to determine the capability of the prime vendor marketplace to provide subsistence and medical/surgical supplies.

NATIONAL CEMETERY SYSTEM

Question. You are requesting \$70 million for the cemetery system. In last year's hearing, VA indicated that the equipment backlog would be reduced to \$2.6 million by the end of FY 93, and eliminated by the end of FY 94. What is the status of the backlog, and is the budget you are requesting adequate to eliminate the backlog by the end of FY 94? If not, what is needed?

Answer. By the end of 1993, the backlog of equipment in need of replacement is expected to be reduced to \$5.8 million. With the need to reduce the Federal budget deficit, the National Cemetery System has requested sufficient funding in 1994 to maintain the progress already made against the backlog. An additional \$5.8 million would be needed to entirely eliminate the backlog in 1994. However, we feel the 1994 budget represents a reasonable funding request in the current economic environment.

CONSTRUCTION

Question. At my request, GAO recently completed a review of VA's construction program. GAO found that many projects exceed program needs, contain too many beds, too much space, and that designs are often too costly. GAO also found that VA does not always consider the availability of nursing home and hospital beds in community and state facilities, citing as an example the medical center planned for East Central Florida. Does VA continue to believe the East Central Florida project is justified? If so, why? Please justify each of the projects GAO claimed are not fully supported by need. Please explain in detail how the Department is responding to each of GAO's recommendations.

Answer. Some replacement/modernization projects in the past have built more beds and consequently space than required at the time of activation. For a cost-effective design, the size/scope of a project must be defined clearly at the outset of development which occurs 7-8 years prior to activation. The scope and size is defined by the best estimate of need possible at that time based on population statistics and patient use of services and projecting these into future years.

At present and continuing into the future, when projections vary significantly, the scope/size of a project will be adjusted as long as the savings of such changes exceed the cost of redesign and delay. Medical Centers and VA Central Office will sign a memorandum of agreement prior to any design which specifically sets the square footage to be constructed and the cost of the project. All parties are expected to abide by the terms of these agreements during design and construction. Oversight reviews will verify compliance with these agreements.

During the evaluation for the East Central Florida facility, VA conducted cost analysis of existing community facilities in order to determine if it would be cheaper to purchase a hospital rather than build. There were no hospitals that met VA criteria that expressed an interest in this endeavor. Also, it is a known fact that routine purchases of medical services from private facilities is significantly more costly than providing the same services in VA. A part of VA's analysis to determine nursing home bed need is the consideration of available community, and state beds. However, in many cases, when VA approaches community facilities they are not willing to contract at VA cost.

VA continues to support the need for a new medical center in East Central Florida. Current veteran population and utilization rates support this facility. There is no inpatient VA facility serving veterans residing in the East Central Florida area. Constructing this facility will provide inpatient VA access to a large veteran population, significantly reduce Fee Basis, and enhance VA/DOD medical sharing.

In the case of Martinez, a comprehensive evaluation of alternatives pointed to a joint venture with Travis Air Force Base as the most cost effective approach to meeting the need of Northern California's veterans. Similarly, a joint venture with Tripler Army medical center is being planned as the cost effective approach to providing health care to eligible veterans in Hawaii.

Our response to GAO's recommendations referred to in your question is in progress. A copy will be provided as soon as it is available.

Question. How many construction management, delegated projects will there be in FY 94?

Answer. Two projects in the FY 94 budget have construction management contracts underway at Lyons, NJ, New Psychiatric Building and

Palo Alto(PAD), CA, Replacement Bed Tower for Seismic Corrections. The contracts were awarded during the design development phase. In addition, the Temple, TX, Bed Replacement Building has been delegated to the medical center for accomplishment. There are no planned delegated projects which will use construction management services in FY 94.

Question. How many do you anticipate in each of the outyears?

Answer. According to the latest Five Year Medical Facility Development Plan, there are three projects in FY 95, one project in FY 96, one project in FY 97, and one project in FY 98 where we plan to use construction management services, as follows:

- FY 95 - Boston, MA - Outpatient Clinic
- Charleston, SC - Nursing Home Care Unit
- Reno, NV - Clinical/Bed Addition
- FY 96 - Gainesville, FL - Ambulatory Care/Psychiatric Facility
- FY 97 - Honolulu, Hawaii - New Medical Center
- FY 98 - Cleveland, Ohio - Ambulatory Care Addition/SCI (Design).

In FY 95, the Boston and Charleston projects will also be delegated to the medical center. The VA has not yet determined if projects beyond FY 95 will be delegated. This is determined when the medical centers submit their design programs. Additional projects in the outyears may also use construction management services; however, the project delivery method will also be determined upon completion of the design programs.

Question. What are the savings anticipated in each of these delegated projects, both in terms of dollars and time?

Answer. Savings may be realized for all projects which are developed entirely through the revised process. The revised process reduces development time by approximately two years and thus involves a savings of two years' inflation cost, which at roughly 3% CPI per year could save about \$60,000 for each \$1 million in construction cost. Additionally, time and money should be saved by use of construction management or design build. Projects developed under the previous process may still benefit from time or process improvements but not to the same extent.

In regard to use of the private sector model of construction management, we have no experience and are therefore not able at this time to anticipate what savings may be realized. We hope to propose two pilot projects in the FY 95 budget request to assist in gathering information both in respect to dollars and time. These projects will be delegated to the respective medical centers from inception of design. With an appropriation in advance of design, these projects will allow a truly seamless process. It must be noted, however, that any savings which may result will be offset by the construction manager's fee which will generally add from 3.5% to 8% to

the project cost depending on the type of service required. Construction management (CM) fees are in addition to the customary design fees and services are generally performed by a firm other than the design firm.

In regard to projects identified for completion through construction management, but using the traditional design/construction bid process, additional dollar savings may be realized through CM efforts but it is too early to quantify such savings. Again savings will be offset by the construction management fee. Time savings are also difficult to anticipate since even without construction management, we strive for the shortest construction phasing consistent with continuous and safe delivery of health care during construction. These projects will still experience a break in the design schedule due to the requirement to obtain Congressional approval prior to obligating any design fund dollars; i.e. funds used for preparation of contract documents.

Similarly, it is too early to estimate time savings for delegated projects many of whom remain to be identified when their design program proposals are reviewed and approval action is taken near the end of this year. Time savings are dependent on the experience and availability of medical center staff dedicated to project management or availability of a reliable A/E firm experienced in medical construction management.

Question. As more projects are delegated to field directors, how many FTE can be reduced in central office construction management?

Answer. We cannot determine at this time what the impact of delegation may be on FTE requirements in the Office of Construction Management. Project delegation can take several forms. In the past, many medical centers with delegated projects have requested the Office of Construction Management to support them with design reviews, project management advice, inspections and construction period supervision. Others have requested delegation only during the design phase, when they can have the greatest impact, with the Office of Construction Management completely managing the construction phase.

In recent years, there have been relatively few instances where medical centers have requested delegation. We are expecting that there will be more delegation in the future. Depending on the form they take, VA will evaluate the impact on staffing levels in VA Central Office.

Question. Describe how the recent reorganization of the Office of Facilities is leading to more cost-effective, timely projects.

Answer. Projects starting development since the reorganization:

a) Will compete within fixed cost categories and defined allotments per category. This provides incentive to include only the most critical needs so as not to exceed the category limit. Thus projects will tend to be smaller and require shorter planning and design cycles. Also more projects can be

proposed for funding in a given year.

b) Projects will develop all information needed by the architect/engineer for design at one time before any commitments are made. This package is called the Design Program. This data will be developed by medical center staff with only requested, consultative assistance from Central Office. This means the project development clock starts when a Design Program has received approval in VACO because it is consistent with the assigned health care mission and with program priorities. Inconsistent or incomplete proposals will be rejected and returned. This will eliminate false planning starts and expectations and lead to more purposeful, concentrated planning efforts at medical centers.

c) Projects will have a signed Memorandum of Agreement (MOA) which signifies commitment at all levels to performance parameters based upon the approved design program and which will guide all parties through design and construction. Compliance with the MOA allows the medical center to work with the architect/engineer without further approvals, thus allowing these tasks to be completed as quickly as local decisions, physical and technical limits will permit.

d) Projects will have compliance reviews conducted by VHA and oversight at various milestones without interfering or delaying the design/construction process, unless there is a compliance issue. Compliance issues can be easily identified by all participants if actuals are not within the MOA parameters, the key cost-containment elements of which are scope and cost.

Projects, which were under development when the reorganization was implemented, benefit from the improved process in that an MOA is developed for projects starting with the FY94 budget request. Thus a signed commitment to scope and cost, along with compliance reviews, will have a cost-containing, time conservative impact also on these projects. Since a learning curve is involved, the impact will be progressively rather than immediately apparent.

Question. Describe how the recent reorganization met the recommendations of the Booz-Allen & Hamilton review of the construction program.

Answer. The Booz-Allen & Hamilton recommendations were implemented during the FY 1986 reorganization. The latest reorganization continues to support the Booz-Allen & Hamilton recommendations; however, it was specifically designed to address concerns over timeliness and cost control in the VA's construction program.

The reorganization united, for the first time, those responsible for operating VA's facilities with those charged with designing and constructing facilities. The organizational changes integrated like functions within the Veterans Health Administration (VHA); e.g., planning and budget formulation

with Resource Management; minor construction and non-recurring maintenance with Operations. They ensure effective oversight of the construction program through the Construction Advisory Board, VHA's Construction Policy and Oversight Board, and the Offices of Facilities Oversight and Budget. The reorganization also assigned clear responsibility and accountability for various aspects of the construction programs.

The process changes were based on the following principles:

- Streamlining the construction process;
- Initiating all projects at the field with clear VACO direction (design programs);
- Delegating decisions to the lowest practical level;
- Increasing ownership of projects by the field facility (facility director and VACO sign a "contract" at the completion of the design program which states that the project's design and construction will stay within the parameters outlined in the design program);
- Reducing project recycling;
- Improving cost control;
- Increasing the use of alternative acquisition techniques, such as design/build and construction management;
- Improving delivery time and cost estimates;
- Establishing reliable nationwide data bases;
- Establishing internal dollar categories within the Major Program to encourage development of more realistic project scopes that adhere to cost targets; and
- Fixing accountability for containing project scope and cost.

Question. The Veterans of Foreign Wars called in their testimony before my subcommittee for construction project completion in three years. How many of the projects in the FY 94 budget will be completed in a total of three years, and what is VA doing to accelerate projects?

Answer. The following projects, proposed for FY 94 funding, are scheduled to be completed within 3 years of the earliest start date for construction documents (June 1993, pending approval of the FY 94 design fund list): Baltimore (Loch Raven), MD; Houston, TX; the new phase at Palo Alto, CA; Philadelphia, PA; Tuskegee, AL; Temple, TX; and the Massachusetts and Willamette, OR, cemeteries.

The reorganization has led to process improvements that yield a projected two year reduction in the average project development time from seven years to approximately five years. Further time savings are achieved in some cases for less complex projects through the use of design-build. Approximately eight months in additional savings could be achieved if the Advanced Planning Fund and Design Fund are combined.

Question. Why does it take VA so long to construct facilities?

Answer. VA carefully analyzed the planning, design and construction process over the past 18 months leading to the reorganization and process improvements implemented October 1, 1992. One of the primary objectives of these changes was to streamline the process and shorten the time it takes to complete a project. When allowed to proceed unimpeded, the design and construction duration's are comparable with industry norms. A major problem for VA has been the lack of timely decision making during the early planning phase which seriously delays project development. A second problem has been the frequency of changes being made in the scope of projects and the associated recycling time to redesign. These problems were identified by the Booz-Allen and Hamilton study in 1985 and by the more recent study last year. The VA believes that the changes now being implemented through the reorganization will significantly reduce the time required to plan, design and construct the project.

Other problems contributing to the length of the process include the need for VA efforts to stop and the completion of design development and wait for the federal budget process to take place before being permitted to start the preparation of contract documents. This could mean up to a one year delay. VA proposed that this delay be eliminated so as to permit a continuous design process. In addition, in recent years VA has not been funded at levels predicted in the prior year and therefore many projects that are developed and ready for funding must wait one or more years to receive funding.

Often, people believe that the "clock starts ticking" as soon as a medical center identifies the need for a project. In fact, given the large need across the system and the current and projected funding levels, project development activity may not begin for several years because the project is a lower priority and cannot expect to receive funding until well into the future.

Question. How many of the FY 94 projects will be done through the design-build process which saves both time and money?

Answer. We plan to use design-build on Baltimore (Loch Raven), portions of the Palo Alto project, and possibly one of our cemetery projects. As with the Martinez pilot project, time can be saved because some design and construction will occur simultaneously since the same firm is responsible for the success of both. The time and dollar savings are dependent on the experience and quality workmanship of the successful bidder. In any case the project will be completed within the budgeted amount which already assumes a shorter time frame.

Question. VA construction is often far costlier than the private sector. What steps is VA taking to reduce the total cost of all construction projects? Why doesn't VA build to private sector standards?

Answer. Both scope and technical standards contribute to the cost. Control of scope resulting from the implementation of an improved process has already been described. In respect to standards, we found there are no

universally or even commonly agreed upon standards or criteria for the private sector. VA has contracted with the National Institute of Building Sciences (NIBS) to review findings of an internal cost and standards task force and to compare and evaluate VA design and construction standards and criteria with those used to design similar private sector hospitals (health facilities); and to compare project costs and construction methodologies used by VA with similar private sector owners for the purpose of reducing cost per square foot. The final report of this study is due to VA in June 1993. VA will move aggressively to evaluate the recommendations and to make changes where appropriate.

Question. The VFW in its testimony stated that VA should select construction projects according to strategic priorities and a national assessment of construction requirements. How does the VA FY 94 construction budget meet strategic priorities?

Answer. VA's strategic priorities are ambulatory care, extended care, joint venture construction with the Department of Defense and safety and environmental improvements. The FY 94 construction budget addresses ambulatory care as a significant part of the scope of two projects which also correct seismic safety concerns. These are projects at Palo Alto, CA and Memphis, TN. The budget request contains two nursing homes at Tuskegee, AL and Baltimore, MD. and replacement of long term psychiatric beds at Lyons, N.J. Another project improves access to inpatient care through a joint venture with the Department of Defense in Alaska. The two remaining projects improve inpatient environment and safety at Muskogee, OK and Temple, TX. All of these projects were included in VA's national needs assessment, the Medical Facility Development Plan.

Question. Some believe there should be a moratorium on construction until the National Health Care Plan is announced. Until then, we won't know what VA's total population to be served will be, or where the needs will be. Do you agree?

Answer. Construction projects currently proposed for funding address mainly accreditation, code, safety and environmental deficiencies. Unless the involved facilities are closed, such corrections need to be made for provision of basic inpatient services.

CONSTRUCTION MANAGEMENT

Question. Your budget requests \$13.4 million in medical care for construction management, an increase of 24% over the current budget for resident engineers. Why is an increase of this magnitude necessary?

Answer. Construction management in medical care refers to all delegated planning, review and control functions approved as part of the reorganization of Office of Facilities. The request of \$13.4 million represents a transfer from the prior "general administration" account within the minor construction appropriation in VACO to medical care in order to maintain the

resident engineer pool and to increase staff in the medical region offices for management of the minor and non-recurring maintenance programs, five-year facility plans and facility development plans as well as providing line-management assistance to the project application/design program development process which relies on the regional strategic planning effort for identification of program needs (gaps and overlaps). The request represents the minimum need for these delegated construction management efforts.

LOCH RAVEN

Question. What is the basis for the Loch Raven nursing home project for which you are requesting \$14.5 million? Why can't VA provide long-term care for veterans through private community nursing homes?

Answer. In 1992, the Loch Raven Medical Center was closed upon the activation of the new Baltimore hospital. The Baltimore hospital does not have nursing home or extended care beds. A nursing home needs assessment was conducted of the Baltimore, Ft. Howard, and Perry Point service area which revealed that, in addition to the existing nursing home beds at Ft. Howard and Perry Point, another 120 bed VA owned nursing home facility would be supported. As part of the nursing home needs assessment, a community nursing home survey was conducted which showed insufficient availability of community nursing home beds to meet the demand for VA nursing home care beds.

Question. In 1990, VA received authorization to undertake an "enhanced-use" project with this facility in which a private contractor would redevelop the facility and lease-back beds to VA. Why did this approach not work?

Answer. The solicitation for the proposed enhanced-use project was forwarded to 175 parties that had expressed interest in the redevelopment of the Loch Raven property. However, only one proposal was received. After thorough review of this proposal, VA determined that it would not be cost effective nor in the best interests of the Department or of the government to make an award under this solicitation. Discussions with State and local government officials and with representatives of the lending, development, and nursing home operating industries attributed the decline in interest in this project to existing economic conditions. Specific problem areas discussed included the high risks and costs associated with renovation or demolition of the existing facility, inability to get inexpensive long-term financing for the project, and relatively low Medicaid rates for any beds not contracted to VA.

CLAIMS BACKLOG

Question. Since the Court of Veterans Appeals was created three years ago, VA has been reacting to numerous Court decisions which have had a significant impact on the way VA processes claims. What progress has VA made since last year in responding to the new requirements of the Court of Veterans Appeals in a standardized manner?

Answer. The Judicial Review Staff of the Compensation and Pension Service continues, on a daily basis, to assess the impact of Court decisions on the adjudication process. Standardized guidance for implementing Court decisions is provided through monthly decision assessment documents and Judicial Review Conference calls, and through interim instruction letters on an "as needed" basis. Formal regulatory and procedural guidance is published as shortly thereafter as possible.

We have also dispatched training teams to numerous locations around the country to insure that all field personnel receive and understand the same standardized instructions for implementing Court decisions.

Question. Some VA managers have suggested that decisions of the Court, particularly those pertaining to due process and VA's duty to assist, have had an adverse impact on VA's claims adjudication and appeals process. Do you intend to seek any legislative changes to limit due process or the duty to assist? If so, will you consult with veterans service organizations before doing so?

Answer. We have not proposed legislation to limit due process requirements, nor do we have any plans to do so. Neither will we propose legislation to eliminate the section of title 38 which states that VA has a duty to assist claimants. However, legislation clarifying the extent of that duty might be helpful in light of the expanded requirements developed so far by the Court. No such legislative proposal has been drafted as of this date.

Question. What is the status of VA's effort to get records directly from DOD upon discharge of a veteran from the service, and to what extent will this improve claims processing?

Answer. Service Medical Records (SMRs) of newly separated Army veterans are now being sent directly to VA within five working days of separation. Previously, the transfer of SMRs took an average of 65 days.

Under a new memorandum of understanding, SMRs are being sent directly to VA from Army transition centers as the final step in military outprocessing. If no claim for VA benefits is filed with the Army before separation from service, Army is sending SMRs for newly separated veterans directly to VA's Service Medical Records Center in St. Louis. If a claim for VA benefits is filed with the Army before separation from service, the claim and SMRs are forwarded to the nearest VA regional office for expedited procession. This new distribution process has been in place since October 1992.

During the new few months, Army and VA will be testing this workflow. Once the test is completed and found successful, SMRs from the remaining military services can be sent directly to VA upon discharge of the veteran. VA anticipates that the Department of the Navy will start shipping their SMRs directly to VA next, followed later by the Marine Corps and the Air Force.

Once the VA becomes the custodian of these SMRs, the processing time of claims for veterans filing for disability compensation with VA should be much reduced.

Question. What is VA doing to improve the quality of VA correspondence so as to prevent unnecessary follow-up action?

Answer. Our focus, currently, is on improving the manner in which our regional offices develop claims. We are attempting to ensure that all necessary evidence is requested very early in the claims process, so that later follow-up requests are unnecessary. Recently, work began on Phase I of the Claims Processing System (CPS). This one year project will result in a new system using rule-based technology which will support development processing for all issues related to original disability compensation and disability pension claims. The claims development functionality of CPS will begin from the point the claim is received to the point the claim is ready for referral to the rating board or authorization for final action. Additionally, CPS will include data entry by Veterans Service Division (VSD) to generate the original claim form (VA Form 21-526).

The CPS rule-based system will identify all necessary evidence when the claim is first reviewed, generate requests to the veteran or third parties, and access information through automated interfaces with the BDN. This will eliminate piece-meal development and over-development. This initiative should reduce the amount of time it takes to acquire necessary evidence and result in a higher quality product. Timeliness will also be improved because data entered when assisting a veteran with completion of the computer generated compensation application, can be captured electronically and transferred into the claims processing system. This will eliminate the need for redundant data entry and will result in the generation of evidence requests which can be handed to the veteran as he or she signs the application form.

HEADQUARTERS RELOCATION

Question. The Department has not moved all employees out of the Vermont Avenue location during the relocation. We have heard from some of the employees that the working conditions in the Vermont Avenue building are quite poor. What consideration did you give to moving all VA employees to TechWorld during renovation? How are you responding to complaints of poor working conditions at 810 Vermont Avenue?

VA has several buildings housing central office staff (McPherson Square, Shoreham Building, TechWorld, Central Office, Cafritz Building, Lafayette Square). At what point will VA employees be housed in the same location?

Answer. Early in the planning stages of the renovation project, GSA made the decision to complete the construction work in two phases leasing approximately half of the VA Building occupied during each phase. GSA

indicated that this decision was made due to the budget constraints of procuring sufficient space to house all 2,600 employees located in the VA Building. The 247,000 square feet of space procured at TechWorld was enough to hold 1,450 of these employees.

During the beginning of Phase I construction, there were problems with dust intrusion into the occupied side of the building. The problem was satisfactorily resolved with constant dialogue and building walk-throughs with GSA and assistance from VA employees. When other problems resulting from the construction were reported, they were handled in much the same manner. Construction-related problems have practically come to a halt over the last several months as Phase I construction nears completion; however, maintenance problems associated with a 70-year-old building continue. In addition, improvements were made to the interior of the I Street wing to make it more liveable during renovation. These included painting and plastering in the bathrooms, hallways, and stairwells; upgrading the I Street lobby; replacing missing ceiling tiles and lights in the hallways; making office alterations where necessary; painting the interior of the I Street elevators and replacing the carpeting where needed; and installing an access ramp at the I Street entrance.

The VA Central Office housing plan has been to consolidate employees to the extent possible, but not into one building. The number of Central Office employees are housed in 12 different locations. By 1998, the estimated completion date of the Lafayette Building renovation, VA hopes to consolidate its Central Office employees into only seven locations.

QUESTIONS SUBMITTED BY SENATOR KERREY

ACCESS TO CARE IN RURAL AREAS

Question. Mr. Secretary, in western Nebraska veterans must travel two hours, one way, in order to receive care from a VA facility. Moreover, these veterans, in most cases, must either drive themselves or have a family member take them. These trips become especially perilous during winter months when road conditions are extremely hazardous. In short, transportation is a serious obstacle to care for these veterans.

What is the VA doing about seeing that these veterans are able to receive care? And what can they expect to see in the future?

Answer. Eligible veterans who do not live near VA facilities can obtain their care locally under the Fee Basis program. Serving the veteran population of western Nebraska presents the problems of serving sparsely populated, remote rural areas. Veterans are not centered in any one area, but are spread out in small numbers. (See attached map of 1993 veteran population by county). Some of the counties have as few as 35 veterans. The Central Region has looked at the possibility of establishing a VA presence in the North Platte area and did not find the veteran population sufficient to support a cost-effective community-based clinic. The Network Council of the Nebraska VA facilities (Omaha, Grand Island, and Lincoln) recently has considered initiatives to meet the recognized need for outreach activities in western Nebraska, and will conduct further studies to address those needs.

MULTIPLE CATCHMENT AREAS

Question. In western Nebraska, veterans sometimes feel uncertain about the care they can receive from the VA. This problem is compounded when the VA has overlapping catchment areas. This is especially true in western Nebraska, where we have as many as four VAs overlapping each other. The VAs in Hot Springs, South Dakota, Grand Island, Nebraska, Cheyenne, Wyoming, and Denver, Colorado all have jurisdiction in part of Nebraska. Could you please provide a county by county break down of how these VA facilities serve Nebraska's veterans.

Answer. Eligible veterans are free to use whatever VA facility they choose, and are not bound by state or regional boundaries. There are limitations, however, in the services which each facility can provide. Hot Springs, Grand Island, and Cheyenne provide primary care, and Denver is a tertiary facility which is a referral center for subspecialty care. Fort Lyon, CO, is a long-term psychiatric facility.

The attached pages show each county in Nebraska, and the VA facilities to which patients have gone from that county in FYs 1990, 1991 and 1992.

<u>County</u>	<u>VA Medical Centers</u>
Adams	Grand Island, Omaha, Lincoln
Antelope	Grand Island, Omaha, Lincoln
Arthur	Grand Island, Fort Meade, Hot Springs, Omaha, Cheyenne, Denver
Banner	Cheyenne, Hot Springs, Fort Lyon
Blaine	Grand Island, Omaha, Lincoln
Boone	Grand Island, Omaha, Lincoln, Denver
Box Butte	Hot Springs, Denver
Boyd	Grand Island, Omaha, Lincoln, Sioux Falls, Denver
Brown	Grand Island, Omaha, Lincoln
Buffalo	Grand Island, Omaha, Lincoln
Burt	Omaha, Milwaukee
Butler	Lincoln, Omaha, Grand Island
Cass	Omaha, Lincoln
Cedar	Omaha, Sioux Falls, Lincoln
Chase	Grand Island, Denver, Lincoln, Omaha, Cheyenne
Cherry	Hot Springs, Grand Island, Omaha, Minneapolis, Lincoln, Denver
Cheyenne	Cheyenne, Denver, Hot Springs
Clay	Grand Island, Lincoln, Omaha
Colfax	Omaha, Lincoln,
Cuming	Omaha, Lincoln
Custer	Grand Island, Omaha, Lincoln
Dakota	Omaha, Sioux Falls
Dawes	Hot Springs, Denver, Minneapolis
Dawson	Grand Island, Omaha, Lincoln
Deuel	Cheyenne, Grand Island, Denver, Omaha
Dixon	Omaha, Sioux Falls, Lincoln
Dodge	Omaha, Lincoln
Douglas	Omaha
Dundy	Grand Island, Lincoln, Omaha, Denver
Fillmore	Lincoln, Grand Island, Omaha
Franklin	Grand Island, Omaha, Lincoln, Denver
Frontier	Grand Island, Lincoln, Omaha
Furnas	Grand Island, Omaha, Lincoln
Gage	Lincoln, Omaha
Garden	Cheyenne, Denver, Hot Springs
Garfield	Grand Island, Omaha, Lincoln
Gosper	Grand Island, Omaha, Kansas City, Lincoln, Minneapolis
Grant	Hot Springs, Minneapolis, Denver
Greeley	Grand Island, Omaha, Lincoln
Hall	Grand Island, Omaha, Lincoln
Hamilton	Grand Island, Lincoln, Omaha
Harlan	Grand Island, Omaha, Lincoln, Denver

<u>County</u>	<u>VA Medical Centers</u>
Hayes	Grand Island, Omaha
Hitchcock	Grand Island, Denver, Omaha, Lincoln
Holt	Grand Island, Omaha, Lincoln
Hooker	Grand Island, Hot Springs, Lincoln, Denver
Howard	Grand Island, Omaha, Lincoln
Jefferson	Lincoln, Omaha
Johnson	Lincoln, Omaha
Kearney	Grand Island, Omaha, Lincoln
Keith	Grand Island, Cheyenne, Denver, Omaha, Hot Springs, Lincoln
Keya Paha	Grand Island, Lincoln, Omaha, Milwaukee, Houston
Kimball	Cheyenne, Denver
Knox	Omaha, Sioux Falls, Grand Island, Lincoln
Lancaster	Lincoln, Omaha
Lincoln	Grand Island, Omaha, Lincoln
Logan	Grand Island, Omaha, Lincoln
Loup	Grand Island, Omaha, Cheyenne
McPherson	Grand Island
Madison	Omaha, Grand Island, Lincoln
Merrick	Grand Island, Lincoln, Omaha
Morrill	Hot Springs, Denver, Cheyenne, Minneapolis
Nance	Grand Island, Omaha, Lincoln
Nemaha	Lincoln, Omaha
Nuckolls	Lincoln, Grand Island, Omaha
Otoe	Lincoln, Omaha
Pawnee	Lincoln, Omaha
Perkins	Grand Island, Denver, Cheyenne, Lincoln
Phelps	Grand Island, Lincoln, Omaha
Pierce	Omaha, Lincoln, Sioux Falls, Grand Island
Platte	Omaha, Grand Island, Lincoln
Polk	Grand Island, Lincoln, Omaha
Red Willow	Grand Island, Omaha, Denver
Richardson	Lincoln, Omaha
Rock	Omaha, Grand Island, Lincoln, Hot Springs, Denver
Saline	Lincoln, Omaha, Grand Island
Sarpy	Omaha
Saunders	Lincoln, Omaha
Scott Bluff	Hot Springs, Cheyenne, Denver
Seward	Lincoln, Omaha
Sheridan	Hot Springs, Denver, Minneapolis
Sherman	Grand Island, Omaha
Sioux	Hot Springs, Cheyenne, Fargo, Sioux Falls, Kansas City, Louisville, Omaha, Milwaukee, Denver
Stanton	Omaha, Lincoln, Grand Island
Thayer	Lincoln, Omaha, Grand Island
Thomas	Grand Island, Hines, Indianapolis, Lincoln

<u>County</u>	<u>VA Medical Centers</u>
Thurston	Omaha, Sioux Falls, Hot Springs, Lincoln
Valley	Grand Island, Omaha, Lincoln
Washington	Omaha
Wayne	Omaha, Lincoln, Grand Island
Webster	Grand Island, Lincoln, Omaha
Wheeler	Grand Island, Lincoln, Omaha
York	Lincoln, Grand Island, Omaha

LINCOLN, NEBRASKA'S VAMC

Question. I understand that the Lincoln VAMC has an application for an updated surgical facility pending before the VA. I also understand that the VA's Washington office has given initial approval for Lincoln to proceed with initial planning for this project. Is there sufficient architectural and engineering funds in the FY94 VA budget for this project? What is the next step in this project towards completion? When is this project expected to be completed?

Answer. The VAMC submitted an application for a Clinical Improvements project in response to the call for project applications in December 1992 and received approval to proceed through completion of a design program. The design program will establish the planning parameters for the project and the project's priority score. With the completion of the design program, the project will be considered for inclusion in the VA Medical Facility Development Plan (MFDP). The Lincoln clinical improvements project will be included in the earliest possible budget submission based on it's priority score and consistent with available funding. The project was included in the FY 1991 Advanced Planning Fund list, so funds are available for design development, which will begin three years prior to year proposed in the MFDP.

OMAHA'S VAMC

Question. In Omaha and Grand Island, Nebraska, the VA has recently assigned two new directors to the VAMCs. Looking at some of the reports my office has received from constituents and veterans' organizations there is a great need for these facilities to be reaching out to the veteran community in ways they have not done in the past. With these new directors in place, it is my hope that these facilities can begin addressing some of the concerns that many veterans have, instead of trying to implement programs without consulting veterans. By doing so, it is also my hope that the quality of care will increase in these hospitals.

Answer. We share your opinion that input from local veterans and veteran service organizations represent a critical component in assessing how well health care needs are being met, and in determining what changes in the VA's health care delivery system are needed. The new Directors at VAMC Grand Island and VAMC Omaha are firmly committed to enhancing the lines

of communication with veterans. Both Directors have already taken steps to meet with Congressional delegations and veteran service organizations to solicit their views, and will continue to do so on a regular basis. The Regional Director for the Central Region reinforced the importance of keeping VA's constituents apprised of its activities during recent visits to both of these medical centers. Directors of each of the three Nebraska VA medical centers recently met and intend to explore various options for improving health care delivery, particularly in the more rural remote areas of the State. Our Secretary of Veterans Affairs has made clear that outreach to veterans and interaction with veteran service organizations is a top priority of the Department. You can be assured that the new directors at Grand Island and Omaha will have frequent interactions with the veterans in the State of Nebraska.

HOMELESS VETERANS PROGRAMS

Question. In last year's budget, VA noted that the FY 93 budget only allowed VA to maintain its current level of homeless programs, and could not establish any specialized programs for homeless veterans in Nebraska. Is the same true in the FY 94 budget? Could you provide the names of the designated coordinators for homeless programs in Nebraska?

Answer. In FY 1993, Congress provided an additional \$10 million to VA's medical care appropriation for the purpose of expanding and enhancing VA's homeless veterans treatment and assistance programs. All VA medical centers were invited to apply for these new resources. Over 130 VA medical care facilities applied for homeless veterans programs and the funding requests totaled over \$80 million. VA medical centers in Nebraska did not receive funding to activate homeless veterans programs in FY 1993.

VA's FY 1994 budget identifies an additional \$5 million for homeless veterans programs. Applications will be reviewed by a Review Committee of VA Central Office staff and Regional Planners and recommendations for funding will be made by October 1993.

All VA medical centers, VA regional offices and Vet Centers have assigned existing staff to serve as coordinators for homeless veterans in addition to other duties. In Nebraska, the following VA staff serve in this capacity:

VAMC Grand Island:	Robert Penny, Chief, Social Work, Homeless Coordinator
VAMC Lincoln:	Joyce A. Faddis, ACSW, Social Worker, Homeless Coordinator
VAMC Omaha:	Marilyn Mangan, ACSW, Homeless Coordinator
VARO Lincoln:	Teresa DeSchuiteneer Chief, Veterans Assist Section
Vet Centers:	Lincoln - Lawrence D. Obrist, ACSW, Team Leader, Homeless Coordinator
	Omaha - Norman A. McCormack, Team Leader

STATE EXTENDED CARE FACILITIES

Question. State care facilities in Nebraska continue to care for many veterans with Alzheimer's Disease. With demands for care in these facilities expected to rise in the coming years, what is the VA doing to address dementia related illnesses?

Answer. Since the early 1980's, VA has been involved in a number of dementia initiatives, which include dissemination of educational materials and information to VA medical centers (VAMCs), State Veterans Homes, and other interested health care providers; research; and data collection for VA dementia program planning and development. Examples of educational materials disseminated by VA include guidelines for the diagnosis and treatment of dementia, a series of caregiver education pamphlets, videotapes concerning management of Alzheimer's disease in home and health care settings, and a comprehensive instructional program to train staff caring for patients with Alzheimer's disease and related dementias. In addition, dementia is an important area of VA research activity. Four of VA's 16 Geriatric Research, Education and Clinical Centers (GRECCs) have major research foci which include various aspects of Alzheimer's disease and related dementias. Nationwide, VA's current intramural research on Alzheimer's disease and related disorders encompasses approximately 200 active projects being conducted by nearly 150 VA primary investigators. These dementia research projects address a wide variety of topics, including epidemiology, etiology and pathogenesis, diagnosis, clinical course, treatment, family issues, and systems of care for Alzheimer's disease and related dementia patients. In FY 1991, VA investigators received approximately \$4.2 million of VA funding for research on Alzheimer's disease and other dementias, as well as approximately \$6.2 million of non-VA funding for such research.

VA's clinical programs for veterans with dementia are currently decentralized throughout the network of health care facilities. Results of a VA Central Office survey in 1988-1989 revealed that 56 (approximately 33 percent) of VA facilities had established, as local initiatives, one or more types of inpatient or outpatient specialized dementia services. Thirty-two VA facilities reported inpatient dementia units; 27 reported a dementia consultation team; 33 reported outpatient dementia programs; and eight had established dementia registries. Many facilities had more than one type of these programs. In 1991, site visits were completed at 13 VA Medical Centers with specialized inpatient dementia units. Data were collected on their dementia unit staffing, programming, and other resources. A summary report of the site visits is nearing completion and will be available for dissemination. Information from the site visits is also contributing to the development of criteria and standards for VA specialized Alzheimer's/Dementia Units. Given the current lack of definitive research data on dementia special care units, these criteria and standards are intended to be flexible guidelines, which will require refining and updating as additional information becomes available.

Although, as indicated above, some VA medical centers have

specialized dementia services such as inpatient dementia units or outpatient dementia programs, medical centers without such formal programs may have a variety of other appropriate settings and services for patients with Alzheimer's disease or related dementias, depending on the particular needs of the individual. For example, Alzheimer or other dementia patients may participate in VA outpatient adult day health care settings. In addition, VA medical centers may have long-term psychiatric units and/or psychogeriatric sections of a VA Nursing Home Care Unit which may be appropriate for Alzheimer's or other dementia patients. Many VA medical centers also have respite care programs, which provide temporary relief for family caregivers of veterans who have a chronic illness and reside at home.

The National Association of State Veterans Homes (NASVH) surveyed all State Veterans Homes during May, 1991, to compile information related to special care units and programs. Out of 65 State Veterans Homes, 92 percent (60 State homes) responded to the survey. Twenty-two State homes reported that they provide separate dedicated units for the care of veterans with Alzheimer's disease and related dementias. In addition, 10 State homes reported that they provide special programming for residents with Alzheimer's disease and related dementias.

An additional current initiative involves the Omaha VA Medical center. VA received direction in its fiscal year 1993 budget appropriation to use \$70,000 to fund a pilot project in cooperation with the Thomas Fitzgerald State Home and the Omaha VA Medical Center to support veterans with Alzheimer's disease and their families and caretakers. The Omaha VA Medical Center developed a project proposal which was approved and is in progress. As specified in the appropriation direction, the project involves the Omaha VA Medical Center and the Thomas Fitzgerald State Home. It also involves the Nebraska Department of Institutions and a number of other community agencies and facilities which provide services for Alzheimer patients. The project addresses important care needs of veterans with Alzheimer's disease and their families and caregivers. Implementation of this project should enhance coordination of care for these veterans in the Omaha area. A status report on this project is expected from the medical center in June, 1993.

Question. Further, are there updated figures available that demonstrate how state facilities compare in cost with VAMCs or in contract facilities?

Answer. For Fiscal Year 1992, the total cost per day for nursing home care in State homes was \$107.38, for VA Nursing Home Care was \$183.73, and for Contract Nursing Home Care was \$88.25. The State nursing home care units provides skilled or intermediate nursing care and related medical services. Many of the State homes provide care to complex and heavy-care patients and are staffed accordingly.

VA nursing home care units are expected to provide intensive and

extensive nursing home care to complex and heavy-care patients. The severity and complexity of many of these patients often preclude care at long-term care facilities other than VA nursing homes. They are staffed accordingly, and have available multiple medical specialties at the host VA medical center to support this care.

Contract or community nursing homes are expected to provide routine nursing home care to patients whose conditions are stable, and who do not require complex interventions or heavy-care.

Question. What are the future demands for State care expected to be, and is the VA's reimbursement level expected to keep pace?

Answer. The veteran demand for nursing home care has been increasing for the past several years and is expected to increase even more rapidly through the next decade with the aging of the large number of World War II veterans. VA's current planning strategy for provider mix is the goal, on a national basis, that 30 percent of the nursing home demand on VA will be met by VA-owned nursing homes, 40 percent in contract community nursing homes, and 30 percent in State home nursing homes. In 1992, the State home program maintained a 30 percent share of the nursing home care demand. At the present time there are 65 State nursing facilities in 37 States with an average veteran daily census of 10,555 (AMIS report).

The per diem increases, actual or projected total per diem cost, and actual or projected VA percent share for State nursing home care between Fiscal Years 1989 and 1993 was as follows:

ACTUAL NURSING HOME CARE PER DIEM RATES,
ACTUAL NURSING HOME CARE TOTAL PER DIEM COSTS
AND
PERCENTAGE OF VA SHARE IN STATE NURSING HOME CARE
PER DIEM COSTS (FY 1989 to 1993)

Fiscal Year	Annual Per Diem Rates	Actual/ Projected Total Per Diem Cost	Actual/ Projected Percent Share
1989	\$20.35	\$86.86	23.43%
1990	\$21.83	\$95.63	22.83%
1991	\$22.44	\$102.57	21.88%
1992	\$25.35	\$107.38	23.61%
1993	\$27.61	\$114.47	24.12%

It is estimated that the 1993 per diem rate of \$27.61 will maintain VA's share at 24.12 percent. If a per diem rate of \$31.03 is implemented in 1994, VA share for State nursing home care is estimated to be 25.19 percent. The Veterans Health Administration strives to maintain at least a 25 percent share of the total veteran cost for State nursing home care.

ELIGIBILITY REFORM

Question. One issue that Nebraska's veterans continue to ask me about is eligibility. Many veterans feel the VA is reducing medical care and benefits. Do you have any plans to address eligibility reform, and what are some of the likely provisions of that reform?

Answer. For at least the last three years VA has actively to improve veteran eligibility for VA care. Last year, the Secretary appointed a Task Force, comprised of the Assistant Secretary for Policy and Planning as Chair, the Under Secretary for Health, and Under Secretary of Benefits, the Assistant Secretary of Finance and Information Resources Management, the Assistant Secretary for Congressional Affairs, and the General Counsel. The Task Force was supported by five working groups with a total of 50 VA clinical, management, finance, and policy experts. Their work was also supported by VA and non-VA researchers in diverse areas of expertise.

This effort has produced considerable information to inform all veteran constituencies about the important policy changes. The Eligibility Reform decision was narrowed to compare four basic alternatives: 1) our current baseline policies, resulting workload, and costs; 2) the current baseline policies, workload, and costs with the effects of managed care applied; 3) for current VA users, the effects of eligibility reform to improve access to a full continuum of care, incorporating changes in practice patterns for care in the most appropriate settings; and 4) essentially the same conditions described under 3), but expanded from current users only to include estimates of the new users who might request VA care under these conditions.

The national health care reform characteristics may greatly affect the context and nature of the questions to be resolved under VA eligibility reform. The final eligibility reform decision was delayed in order to assure integration into the larger national health care system. Accordingly, VA is awaiting the definition of a national benefits package.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

JOINT TASK FORCE - FULL ACCOUNTING (JTF-FA)

Question. Are you familiar with the work the Life Sciences Equipment Laboratory at Kelly AFB is doing in support of the Joint Task Force - Full Accounting (JTF-FA)? If so, do you believe that VA support for the Lab's POW/MIA activities is appropriate? If not, please familiarize yourself with the operation and report back on the appropriateness of VA contributing funds to accelerate and expand the POW/MIA work going on there.

Answer. Louise Parker, VA/DoD Sharing at VAMC San Antonio, visited Kelly AFB to gather information about the work being done in support of the Joint Task Force - Full Accounting (JTF-FA). She reported that the laboratory was a unique two-person operation (a forensic scientist and an engineer) that trains people to conduct on site investigations at crash sites. The investigators collect evidence (such as parts of uniforms, parachutes, radios, life jackets, ejection seats, etc.) which is shipped back to the Lab for forensic analysis. From this evidence the Lab is frequently able to prove the identity and death of crash victims. It takes an average of one month per case for the laboratory to complete its work.

The Lab does not need the type of support that a VAMC could provide (such as VA laboratory support). Rather, they need additional funds to recruit and train scientists and investigators in this very specialized field.

MEDICAL RESEARCH FUNDING

Question. If I am correct, an 11% reduction (\$26 million) in VA Medical Research funding from FY93 to FY94 will result in a 25% reduction in projects. This seems disproportionate. Is it? In the wake of this cut, will research in prosthetics and other special veterans needs retain their priority over more general medical problems when new projects or project renewals are considered? I understand that other funds, not reflected in this particular account, support VA Medical Research. What are the sources and amounts of these other funds?

Answer. The disproportion between the reduction in the proposed research appropriation (FY 1994) and the estimated number of projects results from several factors, including:

- o the assumption that DoD/VA cooperative medical research program would be discontinued;
- o increased cost due to inflation;
- o impossibility of repeating across-the-board "tax" on existing programs to support new programs;
- o greater feasibility of terminating several merit review projects rather than one or two cooperative studies, with merit review projects costing less than the larger cooperation studies;
- o greater feasibility of terminating merit review projects rather

- o than reducing core administrative costs; and requirements to meet "off the top" expenses such as funding Agent Orange and Persian Gulf War-related research.

Research in prosthetic and other special veteran needs will retain their priority over more general medical problems when new projects and project renewals are considered.

In addition to the funds that have been made available to VA investigators through the VA/DoD cooperative medical research program (which averages \$20 million a year), some investigators also compete for and obtain funds from other federal, state, and private organizations. In FY 1992, VA investigators received a total of \$246,933,637 from such sources.

Question. You note in your statement that VA Medical Research was cut rather than VBA and National Cemetery System staffs. How would services to veterans have suffered if, instead, VBA and NCS staffs had been reduced to protect Medical Research?

Answer. First, relative to VBA, in 1994, compensation, pension and education workload will exceed 6.2 million actions. We currently estimate that 988,000 claims will be pending at the end of 1994 based on the staffing level proposed in the President's budget. This is an increase of 204,000 claims over the 1993 end-of-year projection of 784,000. Any staffing loss will have a catastrophic impact on our backlog and timeliness problems. For example, a staffing loss of approximately 150 FTE from the President's budget would result in a pending backlog of 1.2 million actions. We have no precise means of calculating the corresponding delay in timeliness. However, data from 1992 indicates that during that year, when the pending workload increased by 140,000 cases, the amount of time required to complete an original compensation claim increased by 30 days. Applying that same ratio to 1994, the increase from 784,000 pending claims at the end of 1993 to 1.2 million at the end of 1994 will result in at least 120 days being added to the 175 days it now takes to adjudicate an original compensation claim.

Second, NCS, while the 1994 request permits an 11 FTE increase for the national cemeteries (in part by redirecting CO FTE to the field), the approved workload standards call for an additional 27 FTE just for the workload increase from 1993 to 1994. The total FTE shortfall in 1994 (based on the same standards) will amount to 245 FTE even if no cuts are made in the requested funding level for 1994. Reduced FTE means fewer cemetery representatives to serve veterans in scheduling interments and helping them and their families when they arrive for interment services. It also means fewer maintenance workers to set and keep aligned headstones, cut grass and trim around markers, fill sunken graves, make repairs, fertilize and maintain turf. As a result, the cemeteries' appearance will suffer, and it will make major damage, such as happened at Riverside, more likely to occur again. Such damage would also become more likely if further funding reductions result in less spending on maintenance and repair projects/contracts.

QUESTIONS SUBMITTED BY SENATOR BYRD

HUNTINGTON VA MEDICAL CENTER RESEARCH ADDITION

Question. Secretary Brown, I am concerned about the delays in the construction of the research addition to the VA Medical Center in Huntington, West Virginia. According to your letter to me of March 5, 1993, the VA has reviewed the space requirements and has concluded that the size of the research addition will be between 15,000 and 16,000 square feet, and that the capability for future expansion of the research addition will be included in the design phase of the project.

On October 23, 1992, I wrote to Acting Secretary Principi, asking for a status report on the Huntington VA Medical Center Research Addition. His response of January 7, 1993, indicated that award of the design of final working drawings will occur in FY 1994. Award of the construction contract for the project is slated for FY 1995. Prior to the VA's recent review of the size requirements for the building, this project was scheduled for construction in FY 1994. Advance planning funds of \$250,000 were provided in FY 1991, at my request, to begin development of this project. May I have your assurances that this project will receive the appropriate attention so as to preclude any more delays in construction? Please provide for the record an update on the status of this project, including significant milestone events leading to its timely completion.

Answer. The project is currently under schematic design by the A/E firm Kreps & Kreps of Charleston, WV. The schematic design develops several schemes that illustrate different locations and configurations for the new addition. Upon selection of an acceptable scheme the project's design will continue until the completion of design development in February 1994. Development of construction documents for bidding and subsequent construction will follow based upon the availability of future funding and VA's system-wide priorities.

Question. Please estimate the approximate number of man-years of employment and average salary which will be generated by the construction of this research addition, and indicate the period over which these personnel will be employed.

Answer. Over the projected two year construction life of this project, it is estimated that approximately 70 jobs for construction and 160 jobs for supplier and service industries will be available with an estimated average annual salary of \$20,000-\$30,000 per year.

Question. Also, please estimate the number of employees to be stationed at the research addition once it is completed, along with the annual economic impact, including payroll costs and local purchases, both now and when this facility is completed. I want the record to give a comprehensive view of the employment and economic impact of the new research addition, and the overall budget of the hospital.

Answer. The research addition is being designed for 10 investigators. VA currently supports two investigators with grants at VAMC Huntington. Their salaries are paid out of the medical center's current budget. There are no new investigator positions associated with this project. Additional current or future clinical staff who either successfully apply for VA research funding or succeed in obtaining research grants from extra-VA sources (National Institutes of Health, National Science Foundation etc.) will occupy the new addition. In order to receive VA research grants, proposals must be submitted which compete favorably with others submitted nationwide. Each proposal which receives a high enough merit review score to be awarded within available funding will receive a grant of about \$95,000 per year for technical support salaries and supplies. In addition to providing space for investigators and their technical support, the project at time of activation will add about six full time equivalent positions to the medical center's recurring budget for building sanitation and maintenance and about \$400,000 per year for their salaries and to purchase maintenance supplies.

MARTINSBURG VA MEDICAL CENTER AND EXTENDED CARE FACILITIES

Question. Secretary Brown, last year, on October 23, 1992, I wrote to Acting Secretary Principi, asking for a status report on the Martinsburg, VA Medical Center laundry replacement. His response of January 7, 1993, indicated that the laundry replacement project had been considered as a minor construction project in FY 1993; however, it was not selected for funding that year. Minor projects must compete with direct health care projects for limited resources. The project is being considered for funding for FY 1994.

Answer. Unfortunately, limited resources available for laundry modernization have hampered our efforts to replace the existing laundry at the VAMC Martinsburg, WV. However, we are planning an FY 1994 minor construction project that should correct the problems with the Martinsburg laundry operation.

Question. On another matter, in response to one of my questions from last year's hearing, former Secretary Derwinski informed the Committee about another Martinsburg VA Medical Center project, as follows:

"Domiciliary - The "Replace Old Domiciliary" project would involve demolishing old wood frame buildings and the construction of a new facility for 200 beds. The project is currently planned (per the VA Medical Center's approved Five-Year Facility Plan) for Advanced Planning Funds in FY 1995, and construction funding in FY 1998 pending nationwide priorities and the availability of resources."

I am concerned about the apparent delays in the implementation of these projects and strongly recommend that the VA accelerate its efforts in these matters.

Please provide for the record a full status report of these projects, including significant milestone events and specific schedules leading to their completion.

Answer. The project "Replace Old Domiciliary" at Martinsburg did not score high enough to be included in VA's Medical Facility Development Plan for FY 94-98. The Medical Center will be asked to review the project proposal and resubmit a more competitive proposal in their next edition of the Five-Year Facility Plan due November 1, 1993, in the medical region office. Subsequently, the new proposal will be ranked nationwide with all other proposals. If it scores competitively it will be considered for inclusion in the FY 95-99 Medical Facility Development Plan (MFDP) which will be provided to Congress along with the FY 95 Budget Request. Only projects in the MFDP are developed, designed and proposed for construction funding. Although the plan proposes a target budget year, the actual year may vary depending on progress made with design with all projects under development, their relative priorities and the funding made available in interim budgets and proposed for future years.

BECKLEY VA MEDICAL CENTER

Question. Secretary Brown, the FY 1989 budget included, at my request, and at the urging of the Committee, as expressed in language which I secured in the Committee reports for FY 1989, FY 1990, FY 1991, and FY 1992, an amount of \$15.7 million for this priority construction project. The architectural/engineering contract was awarded on September 23, 1988, and bids were received for this project on October 4, 1990. The low bid was 40 percent over the cost estimate which was developed for VA. VA conducted a value engineering evaluation of the design to see if aspects of the design can be accomplished in a less expensive manner. This was accomplished without a reduction in the scope of the project. VA then decided to rebid this project, and on June 27, 1991, the bids were opened. The low bid was \$16,635,500, which was \$2,843,000 less than the lowest bid received on October 4, 1990. Despite the low bid of \$16,635,500, there still was a need to reprogram \$4,177,000. On September 10, 1991, I wrote to Chairman Mikulski, requesting approval of a \$4,177,000 reprogramming, and advising her of my strong support of this vitally needed project. On September 11, 1991, the reprogramming was approved. The construction contract was awarded on September 16, 1991, and work is expected to be completed by November 1993.

Please provide for the record an update on the status of this project, including significant milestone events leading to its timely completion.

Answer. The construction contract for this project was awarded on September 16, 1991, with an estimated completion date of April 1994. Work is proceeding ahead of this schedule. The new addition is completely enclosed, renovation of the existing building is underway, and the new canteen area has been turned over to the medical center. Construction is estimated to be completed in February 1994.

Question. Please estimate the approximate number of man-years of employment and average salary which is being generated by the construction of this project and indicate the period over which these personnel will be employed.

Answer. Over the projected 2-1/2 year construction life of this project, it is estimated that approximately 170 jobs for construction and 380 jobs for supplier and service industries will be available with an estimated average annual salary of \$20,000-\$30,000 per year.

Question. Also, please estimate the number of employees to be stationed at the medical center once the clinical addition is completed, along with the annual economic impact, including payroll costs and local purchases, both now and when this facility is completed. I want the record to give a comprehensive view of the employment and economic impact of the new research addition.

Answer. Once the clinical addition is completed, the facility is budgeted \$3,753,000 for startup costs for initial supplies and other initial expenses. Personnel salaries and other recurring expenses are budgeted at \$1,440,000. The number of additional employees to be stationed at the medical center total 27 staff. Distribution of these resources is spread across the three year time frame 1993 - 1995.

BECKLEY VA MEDICAL CENTER LAND ACQUISITION

Question. Secretary Brown, on October 23, 1992, I wrote to Acting Secretary Principi, requesting a status report concerning the matter of land acquisition at the Beckley VA Medical Center. His response, on January 7, 1993, stated that an appraisal of approximately 13.6 acres of land adjacent to the Beckley VA Medical Center was completed in September 1992. The title search on the property was completed in October 1992. An offer to purchase approximately 11 acres of land was submitted to the property owners on October 22, 1992. The owners of 11 of the 13.6 acres have now sent the VA an Offer to Sell. However, two of the owners who own 2.6 acres have refused to sell their land. VA accepts this situation but these two owners have filed suit in an effort to block the sale of the 11 acres owned by the willing sellers to the VA. Please provide for the record an update on the status of this project, including significant milestone events leading to the acquisition of this property.

Answer. The attorney representing the sellers filed a Declaratory Judgement Motion on April 20, 1993. No date has been set for the hearing. The sellers' attorney informs us that he will attempt to schedule a status conference with opposing counsel in the near future. If they can agree to the facts of the case, then they can proceed to get the case scheduled. If the court rules in the sellers favor, VA can proceed expeditiously with the finalization of the transaction. It is anticipated that it will take between 2-1/2 to 3 months to complete acquisition of this property after a favorable court ruling. The following shows the necessary events with associated timeframes:

1. Draft deed title binder, boundary survey and accepted Offer to Sell will be submitted to the Department of Justice for review and issuance of a Preliminary Opinion of Title. (Approximately 1 month)

2. After obtaining the Preliminary Opinion of Title, VA will send all pertinent documents to the Title Company for preparation of closing. Funds will be transferred to Title Company. (Approximately 2-4 weeks)

3. After all title defects have been satisfactorily cleared, closing can be finalized. (Approximately 1 month)

Thank you very much, Secretary Brown for your cooperation in answering these questions for the record and your continuing support of VA facilities in West Virginia and throughout the country. I would be appreciative if you could keep me updated on a continuing basis on these projects.

QUESTIONS SUBMITTED BY SENATOR HATFIELD

PORTLAND, VA RESEARCH SERVICE

Question. The synergy created by the Oregon Health Sciences University and the Portland VA Medical Center in Portland, Oregon has produced some of the finest medical research and clinicians in the country. Recently, US News and World Report rated OHSU as one of the top five medical research facilities in the country. This collaboration is a great example of how research coordination between institutions can create the highest quality material for the most effective price.

Mr. Secretary, the Portland VA Research Service was 20,000 net square feet short of meeting their needs when that service moved into the new Portland VA Medical Center in 1987. This was due to major growth experienced subsequent to planning the replacement facility. This planning began in 1979.

Since this planning in 1979, what has been the increase in the budgeted activities of the Portland VA Medical Center Research Service?

Answer. The VA research funds allocated to the VA medical center in Portland increased from \$1.3 million in FY 1979 to \$4.9 million in FY 1992. The great bulk of these funds supports medical research projects although funds are also expended in health services and rehabilitation research and development projects.

FUNDING FOR VA MEDICAL RESEARCH

Question. Mr. Secretary, like many of my colleagues, I am concerned about funding for VA medical research. I recognize the difficult situation that your agency is in and I'd like to help if I can.

In addition to the funds that are appropriated by this Subcommittee, what other sources figure into your overall medical research budget?

Answer. Two categories of research funds available to VA researchers may be distinguished: (a) funds appropriated explicitly for VA use and (b) funds from extra-VA sources which VA investigators compete for by submitting proposals to outside agencies. In addition to the regularly appropriated VA research funds, the funds available through the VA/DoD cooperative medical research program fall into the first category. The VA research program also receives support from the Medical Care Appropriation for laboratory facilities, ancillary support, and physician/clinician salaries. As is presented in the President's Budget for FY 1994, Medical Care support for VA research in FY 1992 was \$364 million. Funds from such agencies as the National Institutes of Health (NIH) and the National Science Foundation fall into the second category. In FY 1992, VA investigators received a total of \$246,933,637 from such "extra-VA" sources. Of course, if VA did not operate its own core research program, it would not have investigators who could

successfully compete for extra-VA funds. The degree to which VA investigators are successful in obtaining funds from NIH, for example, indicates the research sophistication of these investigators.

DOD/VA COOPERATIVE MEDICAL RESEARCH

Question. For many years, I have supported the DoD/VA Cooperative Medical Research program funded out of the DoD budget. How are these funds being used by the VA to retain and attract quality VA clinicians and what would be the impact of not receiving these funds from DoD?

Answer. Since the initiation of the VA/DoD cooperative medical research program in 1987, the available funds have been used to support (a) more than 200 VA projects identified jointly by VA and DoD as being important for military medicine, and (b) 55 specially solicited projects conducted by collaborating VA and DoD investigators. The availability of the DoD funds helps substantially in retaining and attracting quality VA clinicians by providing important research opportunities. The loss of these funds would have a serious adverse impact on both the research and the medical care programs of the VA, through the loss of research important to the VA and the DoD and through fewer opportunities for VA clinicians researchers.

SUBCOMMITTEE RECESS

Senator MIKULSKI. This concludes today's hearing. The subcommittee stands in recess until Thursday, when we will review the fiscal year 1994 budget for the National Aeronautics and Space Administration.

[Whereupon, at 12 noon, Thursday, May 27, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, June 10.]

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT AND INDEPENDENT AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1994

THURSDAY, JUNE 10, 1993

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:05 a.m., in room SH-216, Hart Senate Office Building, Hon. Barbara A. Mikulski (chair) presiding.

Present: Senators Mikulski, Gramm, Bond, Feinstein, and Burns.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

STATEMENT OF DANIEL S. GOLDIN, ADMINISTRATOR

ACCOMPANIED BY:

GARY ALLISON, COMPTROLLER

COL. BRYAN D. O'CONNOR, SPACE STATION REDESIGN TEAM
LEADER

DR. BONNIE DUNBAR, SPACE STATION REDESIGN TEAM RE-
SEARCH LEADER

MAL PETERSON, SPACE STATION REDESIGN TEAM COST CHIEF

HARRY C. HOLLOWAY, ASSOCIATE ADMINISTRATOR FOR LIFE AND
MICROGRAVITY SCIENCES AND APPLICATIONS

WESLEY T. HUNTRESS, JR., ASSOCIATE ADMINISTRATOR FOR
SPACE SCIENCE

EDWARD A. FRANKLE, GENERAL COUNSEL

CHAIR'S OPENING REMARKS

Senator MIKULSKI. This subcommittee will come to order. Today, we will consider the budget request of the National Aeronautics and Space Administration for fiscal year 1994. The point of today's hearing will be, of course, to go over the entire NASA request for appropriations, but we know that all eyes are fixed on the future of space station *Freedom*.

Therefore, Mr. Goldin, in addition to hearing your testimony as the Director of NASA, we will ask Mr. Bryan O'Connor, who has played a lead role in the NASA space station review, to make his presentation as well. The format that we will follow is brief opening statements from the two of us and then ask you to proceed, and then you, Mr. O'Connor, and then we will go to questions. That way we will be able to focus. Any testimony—we are just going to do a blanket unanimous request now so we will not have to go through all that parliamentary procedure.

So today, we are going to hear the budget request, and we will also hear from NASA on the three options it has proposed for the redesign of space station *Freedom*. The space station is an opportunity to explore the stars and new markets. It generates jobs today and jobs tomorrow by providing the unique research that will get our country ready to compete in high-technology markets of the future.

NASA, though, has many other responsibilities in addition to space station *Freedom* and is asking for a budget of \$15.3 billion for the coming year, an increase of 7 percent over their 1993 appropriation. That request will not be accommodated this year due to the limits placed upon discretionary spending by the budget resolution. However, we do want to have as robust as possible a U.S. space program.

The House VA Subcommittee reduced NASA's budget. Their recommendation would leave the agency with an increase of less than 1 percent. Our subcommittee has not gotten that famous 602(b) allocation, the total amount of money that we can spend. This makes it a very difficult budget year, and it has been compounded by the confusion that has plagued the future of space station *Freedom* for the last 5 months. There is a widespread perception in Congress and the public that NASA is also rocked with dissension and turmoil over the space station design.

Despite this pessimism, I remain a proponent of the American space station. Our President has a high-technology program that he wants to see implemented to keep this country competitive. We have worked on the space station during the 4 years that I have chaired the subcommittee on a bipartisan basis. We intend to continue the same bipartisan approach on the future of NASA that this committee has done during the last 4 years and we look forward to working with Senator Gramm.

Some of the questions that we will ask are, first, is the redesigned space station a real scientific laboratory? That means, does it have substantially more user space, frequently referred to as experimental racks, than what is now available on board the space shuttle?

Second, will there be real management changes to make the program run properly? I have heard over the years all about management efficiencies and they turn out not to achieve very much. This time, if the space station is to survive, we must cut the overhead and needless management duplication once and for all.

Third, the redesign option must retain our international partners as full partners. Canada, Europe, and Japan view our agreement on the space station almost at a treaty level. We will not support any option that abandons them or reduces them or us to a second-class, second-rate relationship.

And fourth, we must be able to have confidence in how much the space station will really cost and can we afford it. It makes no sense to support a program whose annual budget will always face the peril of the green eyeshade boys, either from OMB or from Congress.

We face a tough challenge ahead, but that is what life is all about. We look forward to hearing your testimony and how we can,

at the time we move our bill, have come to closure on this most significant decision facing NASA.

[The statement follows:]

STATEMENT OF SENATOR MIKULSKI

The Subcommittee will come to order. Today, we meet to consider the budget request for NASA for fiscal year 1994.

In addition, we will hear from NASA on the three options it has proposed for the redesign of Space Station Freedom.

The Space Station is an opportunity to explore the stars and explore new markets. It generates jobs today, and jobs tomorrow, by providing the unique research that will get our country ready to compete in the high tech markets of the future.

NASA is asking for a budget of about \$15.3 billion for the coming year, an increase of \$935 million, or 7%, over their 1993 appropriation. That request will clearly not be accommodated this year due to the limits placed upon discretionary spending by the Budget Resolution.

The House VA-HUD Subcommittee reduced NASA's budget request in its markup last month by \$800 million. Their recommendation would leave the agency with an increase of less than 1 percent above 1993.

Our Subcommittee has yet to receive its 602(b) allocation. But the limits on total discretionary spending are not likely to give us substantially more flexibility than the House.

This bleak budget picture for NASA has been compounded by widespread confusion that has plagued the Space Station program for the last five months. There is a widespread perception in Congress and the public that NASA is rocked with dissension and turmoil over the space station redesign.

Given the growing demand by the American people to cut federal spending, this perception has added to the growing pressure to terminate funds for the Space Station altogether this year.

Despite this pessimism, I remain a proponent of an American space station. Our President has a high technology program that he wants to see implemented to keep this country competitive in this new world order. I believe that the space station is part of that vision, and that it has an important role to play in making that vision a reality.

I hope I can support the recommendation on the Space Station redesign which the President submits to Congress next week. In order to do so, it must meet four key principles.

First, is the redesigned space station a real scientific laboratory. That means, does it have substantially more user space, frequently referred to as experiment racks, than what's now available on board the space shuttle?

Second, will there be real management changes to make the program run properly? This is one Senator that is tired of promises to implement "management efficiencies" that do not turn out to achieve anywhere near the savings promised.

This time, if the space station is to survive, we must cut the overhead and needless management duplication once and for all.

Third, the redesign option must retain our international partners as full partners. Canada, Europe, and Japan view our agreement on the space station as a treaty. And I will not support any option that abandons them, or reduces them to a second-class partnership.

And fourth, we must be able to have confidence in how much the station will cost and how we can afford it. It makes no sense to support a program whose annual budget will always face the peril of the green eye shade boys at OMB or from Congress.

The President and his Administration face a tough challenge in adhering to these principles. But if we are to have a space station, it must be a real space station—not one that is half-baked, or forced to live on a respirator from year to year.

We welcome NASA Administrator Dan Goldin to the Subcommittee and we look forward to your testimony. In the interests of time, I would like to advise my colleagues of the format for this morning's hearing.

BIPARTISAN SUPPORT FOR SPACE STATION

Senator MIKULSKI. Senator Gramm.

Senator GRAMM. Thank you, Madam Chair. Let me first say that the chairman and I are in total agreement on everything she said.

I believe this is a watershed year for NASA and for the space station. I want a real space station. If all we are doing is simply fulfilling with a man in a can in space a commitment that has been made, then you can count me out.

I want to congratulate NASA engineers for coming up with viable alternatives. One of the criticisms that, of course, have been leveled against the engineers is that they did not come up with a design within the constraints set by the President. But I think they did come up with designs that will do the job, designs that will fulfill the mission of the space station. We are going to ultimately have to decide which design we want to try to fund.

But I want a real space station. We need one that will do the job, that will produce the science, that will provide the stepping stone that we need for further work in space. And my view is that we do need a strong, viable, technically proficient space station.

I believe there is support in the Congress for the space station, but if we are going to be successful in funding it in this tough budget year, we are going to have to focus in on a design. We are going to have to make a decision. We are going to have to have real cost figures that we can defend and that we and our colleagues can believe in. And then we are going to have to roll up our sleeves and go to work.

Our problem is, basically, that it is very appealing to invest in programs that have a big return in the next election. It is not always equally appealing to invest in programs that have a big return in the next generation. That is why science and technology, as a percentage of the budget, have declined from 5.1 percent 25 years ago down to 1.9 percent today.

So we are basically trying to decide: Is America going to stay the science leader in the world? No nation in the history of the world has ever benefited more from science and technology than we have. I believe this committee is going to answer that question, "Yes"; that we want to be No. 1 in science and technology in space. If NASA will give us the design, give us the cost figures, give us a space station that will do the job, I think we can get it funded.

And I thank you, Madam Chair.

Senator MIKULSKI. Thank you.

Senator FEINSTEIN, we welcome you. Do you have an opening statement?

Senator FEINSTEIN. I do, Madam Chair, and I thank you for the opportunity.

THROWOFF OF TECHNOLOGY

I, too, have been a strong supporter of the space station, largely for two reasons. The first is that I very much believe that enhancing man's knowledge—I should say person's knowledge—about outer space is extraordinarily important as to what it does for the state of knowledge, the enticement of young people into knowledge, the pursuit of new frontiers. And, second, because inherent in all of these programs has been an enormous throwoff of technology into the private sector; the private sector that involves computers, semiconductors, biotechnology, science, medicine. You name it.

I think in the space station, if we can find an option that is not going to compromise the mission of pure science, we have an oppor-

tunity to make some major breakthroughs. And what is concerning me is that, with the three options that are before us, two of them I understand involve a new design and, therefore, the possibility of sacrificing the ability of the mission, perhaps—and I hope that is what this hearing will concentrate on, “perhaps”—of the mission to have a viable conclusion in terms of enough of the throwoff of technology to really enhance our knowledge in science, in medicine, in biotechnology, as well as in semiconductors and so on.

So, Madam Chair, this morning, I think the most important thing is to zero in on the three options that are included here. I notice that in the House the chairman of the committee, Congressman Brown, whom I know quite well and who is a devotee of this program, chose option B by saying it was important to protect the integrity of the basic design of space station *Freedom* to be able to deliver enough bang for the buck.

I, myself, think that the crux of this hearing is whether we evolve win/win or we evolve lose/lose. And I do not know if each of the three options can provide us with a win/win configuration of the space station which can yield the kind of bang for the buck.

HARD BUDGET CHOICES

I appreciate the efforts to redesign, to minimize costs. Even so, this is a very costly project. I am concerned, Madam Chair, because, as you know, the Small Business Loan Program is out of money. We need \$181 million to maintain the Small Business Loan Program, which over 4 years will produce tens of thousands of jobs, ongoing jobs, throughout this country. And so we are really down to some hard choices.

I have clung to the hope that the mission of space station *Freedom* is so important that it will overwhelm issues like this. I have also clung to the hope that our Nation is great enough and strong enough and intelligent enough to be able to do both, to be able to maintain a small business 7(a) program which provides loan guarantees to start up new business in country and, at the same time, fund a space station that is consequential in terms of the yield of its mission.

So I hope, as this hearing goes on this morning, we take a look at the three options and we relate those options to the purity of the scientific mission and the bang for the buck that mission is able to produce.

And I thank you, Madam Chair.

Senator MIKULSKI. Thank you.

INTRODUCTION OF STAFF

Mr. Goldin, would you go ahead and proceed and, if you would like to introduce the people with you? We know them. But here we are, live to the world.

Mr. GOLDIN. Let me start first by introducing the people who are with me because these are the people that make it happen and have made it happen. On my left is Col. Bryan O'Connor, who is in charge of the redesign team. On my right is Dr. Bonnie Dunbar, who is in charge of the science and technology activities for that redesign team. And Gary Allison is the Acting NASA Comptroller.

Senator MIKULSKI. And Dr. Dunbar is also an astronaut and scholar.

Mr. GOLDIN. She is an astronaut. She is among our finest, and she is probably among the world's experts in microgravity and sciences in space. So we feel privileged. And we look forward to answering the questions on the scientific output because we believe we have the people here.

Could all the NASA people please stand up? This is what makes NASA great. These are the people that have done the work. I would like to introduce each and every one of them but time does not permit. Thank you very much.

But I want to tell you how proud I am of this team. I want to tell you that these people have given up personal needs. They moved in from all over the country to Crystal City. They slept in sleeping bags. They stayed overnight. They used the lavatories as their showers. And they worked around the clock, putting family needs behind that of the Nation. So these are wonderful people and we all should be proud of what they have done.

I would like to submit my statement and ask for unanimous consent to have it included in the record to save time, if that is OK with you, Madam Chair.

Senator MIKULSKI. Yes.

SUMMARY STATEMENT

Mr. GOLDIN. Let me just make a few brief statements pertaining to the space station and then we could open up the hearing and Bryan O'Connor can make a summary of the three design options.

Let me say that, today, we are at the end of the process for NASA. This afternoon, we will submit to the White House our final report on the space station redesign. This whole process was kicked off by our President, Bill Clinton, who wanted to have a set of options placed before him. He asked that we redesign the space station and that NASA provide inputs on the options but that we do not take a position on any given option. And we have done exactly that.

The process is unprecedented in that we have had an independent cost assessment of the baseline program. We have had a blue ribbon panel appointed by the White House that reviewed everything that we have done and their report, I believe, will be available at the end of the day also. Dr. Vest is submitting his report to the White House. This report will go through all the aspects—engineering, science, management and cost—and establish the committee's feelings about how NASA did and where we might do better and where we might have been off.

This has been a long, difficult process. Yet I think it is an important process for our country. We are very, very proud of it and we are prepared to discuss it with you today.

[The statement follows:]

STATEMENT OF DANIEL S. GOLDIN

Madam Chair and distinguished members of the subcommittee, I am pleased to be here today to describe NASA's fiscal year 1994 budget request for the Subcommittee. As you know, the President has submitted to the Congress a request totalling \$15.265 billion for NASA. A detailed summary of this request is appended to my statement as Attachment I. This budget proposal represents a great deal of

hard work by many dedicated people, and, I believe, marks a profound change in the way we propose to do business at NASA.

Fundamentally, this budget reflects NASA's acceptance of the President's challenge to produce a realistic five-year funding plan for NASA, while also making our programs more relevant to America. NASA's budget is responsive to the President's new technology initiative, "Technology for America's Economic Growth—A New Direction to Build Economic Strength." This initiative recognizes that investments in technology offer new opportunities for creating higher-wage, higher-skills jobs for more competitive businesses. The initiative also recognizes that the best way for the Federal Government to ensure its investments are commercially relevant is through cost-shared and jointly-planned technology development partnerships with industry and academia. Consistent with his initiative, the President's budget accommodates a robust plan for ongoing NASA programs, a redesigned Space Station, and a series of potential new technology activities.

Madam Chair, I would like, at the outset, to thank you for the determined efforts you have personally made in defense of the Space Station Program over the past several years. Without your active intervention and support, I am convinced we could be without a program today. I hope we can continue to merit your support as part of this budget process. I would also like to recognize your early and active role in encouraging expanded space cooperation between the Russian Federation and the United States under appropriate circumstances.

I would like to begin by outlining the larger five-year budget picture which is represented in the President's request for-NASA, and is displayed in Attachment II. The five-year spending plan assumed by NASA in the President's fiscal year 1993 budget submission, projected one year, reflected a total projected NASA expenditure of \$96.1 billion for fiscal year 1994–1998. Under President Clinton's fiscal year 1994 budget plan, NASA has eliminated a total of \$23.8 billion from programs in our previous five-year spending plan. I am proud to say that nearly one-half of these reductions were identified last year by NASA's Red and Blue internal review teams in the form of program restructurings, management efficiencies, and changes in contract structure or new ways of doing business. After making a total reduction of \$23.8 billion to NASA's previous plan, \$8.1 billion was added in terms of new programs and new technology initiatives designed to bring increased return for America. The bottom line is that, when comparing the five-year runout of NASA's plan last year with the President's fiscal year 1994 budget, there is a net reduction in planned NASA spending over the next five years of approximately \$15 billion. At our current funding level, that is equivalent to deleting an entire year's worth of funding out of our five-year plan.

While the President's budget reflects major reductions in planned NASA spending over the five-year period, it represents an increase of \$935 million above the fiscal year 1993 appropriations level. This funding level is designed to provide adequate resources in fiscal year 1994 for increases in ongoing programs, and to cover transition costs for whatever option the President identifies for Space Station, while allowing us to initiate a mix of exciting new technology programs. Beyond fiscal year 1994, NASA's budget reflects incremental annual growth for inflation.

SPACE STATION REDESIGN/TECHNOLOGY INVESTMENTS

Fundamental to the success of the President's fiscal year 1994 budget plan for NASA is the redesign of the Space Station. The previously planned Space Station Freedom program is unaffordable in light of total constraints on NASA's budget, funding needs of other NASA programs, recent Station cost growth, and the President's direction that NASA invest in new technology projects that can contribute sooner and more directly to the U.S. economy and technological/scientific goals. The President directed NASA to redesign the Space Station so as to substantially reduce development, operations and utilization costs while maintaining early capability to conduct high priority scientific and technological research. The redesign of the Station will enable a rebalancing of priorities across the Agency, to permit increased investment in a variety of science, space and aeronautical research and technologies which will be accomplished more rapidly and made available to a broad spectrum of U.S. industry.

NASA's role in the redesign effort has been that of "honest broker"—to set up a process to develop a range of possible options, and to work with a Blue Ribbon Panel of experts whose role is to assess and establish the advantages and disadvantages of each option as input to the Administration, where a final decision will be made. The Station Redesign Team undertook its task on March 10, 1993. An independent senior-level panel, the Advisory Committee on the Redesign of the Space Station,

was established under Dr. Charles Vest in early April to review and assess the Station Redesign Team findings.

Working with the White House and the Office of Management and Budget, goals were established for a 10-year program, along with specific constraints and objectives. Three cost targets for the Station redesign were identified for the five-year period from fiscal year 1994 through fiscal year 1998. These funding levels were to include development, utilization, shuttle integration, facilities, research operations support, transition costs, and augmented early flight research. NASA's charter for the Station redesign effort stipulated that we:

- Develop options which would result in a program that is more efficient and effective and capable of producing greater returns on investment;
- Significantly reduce development, operations and utilization costs while achieving many of the current goals for long-duration scientific research;
- Consider all phases of the program design, assembly, operations, utilization and management of the Space Station;
- For all program options, utilize, as much as feasible, the efforts to date of the Space Station Freedom program;
- Address options for achieving earlier research results prior to Space Station availability; and,
- Develop redesign options which would continue to accommodate and encourage international participation.

Mr. Chairman, NASA and the President are resolved that the redesigned Space Station be a useful, vital laboratory for the conduct of meaningful research. Toward this end, during the redesign process, we worked closely with the user community, our international partners, and such independent advisors as the National Academy of Sciences, the National Research Council, Space Science and Applications Advisory Committee and its Space Station Science and Applications Advisory Subcommittee, the Aerospace Medicine Advisory Committee, the Task Group on Utilization and Operations, the Space Systems and Technology Advisory Committee, and the Centers for the Commercial Development of Space. Together, we are working to identify the high-priority microgravity objectives of the materials and life sciences disciplines, and the design requirements necessary to meet their requirements. Accordingly, the Space Station redesign options which have been identified will provide power, volume, microgravity environment, data and communications consistent with user requirements.

Numerous concepts were presented to the Station Redesign Team. Inputs were solicited from NASA Field Centers, industry, the Space Station Freedom Program Office, the international partners, and other interested parties. These inputs provided a diverse set of architectures, management, and operation approaches, as well as constraints and lessons learned. Three basic design options emerged from the Redesign Team's study: Option A, modular build-up; option B, Space Station Freedom-derived; and Option C, a single launch core station. The Redesign Team did not stop there. Various stopping points were identified within the designs at cost target milestones established by the White House.

I wish to pay special tribute, Madam Chair, to our International Partners. They have been full participants in the redesign process and their contributions have been invaluable. Their assessments of the three options are included as an element of the Redesign Team's final report. I thank them for their patience and understanding, and hope they will continue to work with us as this process play out.

I believe NASA has faithfully discharged its duty as honest broker in establishing the redesign process, developing this range of options, presenting alternatives and consequences, and working with the Blue Ribbon Panel to assure their partnership in this process. The Redesign Team presented its data and supporting rationale to the Advisory Committee on June 7. The report of NASA's Redesign Team and the Advisory Committee's evaluation of the report are due at the White House this week.

Most importantly, the redesign of the Space Station will allow implementation of a far-reaching New Technology Investment package which could reinvigorate our industrial base and enhance America's competitiveness in the global marketplace. The combined Space Station/Technology Investment wedge is identified in the President's budget at a constant \$2.3 billion level throughout the funding period. The elements of the Technology Investment package will emphasize focused, innovative approached to push technology development, tied to the Administration's funding determination for the redesigned Space Station. Following a Presidential decision on Space Station redesign, we anticipate transmittal of a budget amendment outlining spending levels and program plans for both Space Station and the technology initiatives.

REDUCTIONS REFLECTED IN FISCAL YEAR 1994 REQUEST

Let me now describe for the Committee specific reductions reflected in the President's budget. These items are outlined in Attachment III.

While the Administration has not yet made a decision on a specific funding level for Station, we are evaluating technical options which would be accommodated under three alternative funding scenarios as mentioned. Cost options being considered for the redesign Station represents reductions of \$6-10 billion over five years.

We have reduced planned Shuttle costs by \$3.4 billion over the five-year period, through improved efficiency of operations, definition of work no longer required which could be eliminated, and prioritization of all work not mandatory to safely accomplish the Shuttle flight manifest. We remain fully committed to Shuttle safety and technology upgrades.

We are also targeting infrastructure costs for reduction. Under space communications, we have canceled TDRS-II, and will instead procure spacecraft functionally equivalent to the existing design as an interim solution to NASA's pressing tracking needs. This will give NASA time to carefully review future requirements and develop, with industry, a new generation of spacecraft using innovative technologies which will lower costs and further the capabilities of the space communications industry. At the same time, our goal will be to reduce planned Construction of Facilities funds by \$0.6 billion, and our NASA workforce costs by \$0.7 billion, with the latter to be achieved through means other than involuntary reductions-in-force.

We have identified significant additional savings through restructuring of the Cassini probe to Saturn, the Advanced X-Ray Astrophysics Facility (AXAF), and the Earth Observing System (EOS). Cassini has been rescope to meet a smaller level of funding this year, and smaller total runout cost, while preserving its major science objectives and the October 1997 launch date. The AXAF mission now includes two spacecraft, the result of a redesign that saved \$300 million. The first spacecraft, AXAF-I, will be launched on either the Space Shuttle or a Titan IV in fiscal year 1998. The second spacecraft, AXAF-5, will be launched on a medium-class expendable launch vehicle in calendar year 1999. This change plays to certain design strengths and will end up saving the taxpayers money while preserving the essential science goals of AXAF. The EOS redesign has saved \$2 billion over the five-year period. This reduction was accomplished without delaying the June 1998 initial EOS-AM-1 launch readiness date, and by maintaining the essence of planned instrument complements and science.

This budget also terminates effort on the National Launch System while we pause to explore all possibilities for new space transportation technologies which will enable the United States to lead the industry, not just reach parity several years behind our international partners. We also have terminated the Space Exploration Initiative in recognition of the near-term limits to our resources and other priorities. However, we have not abandoned our intent to go back to the Moon and to push on to Mars; in fact, this budget preserves options to develop small lunar orbiters which could carry out the first post-Apollo scientific discovery flights to the Moon.

Finally, we have identified other efficiencies and reductions over the five-year period for a total of \$3.5 billion saved from the previous plan. These include cancellation of the space nuclear power program and Government-wide reductions in administrative costs.

NEW CONTENT ADDBACKS IN THE FISCAL YEAR 1994 BUDGET

Let me now turn to the items we added to the budget following the reductions. These are displayed in Attachment IV.

While we have made major reductions in planned Shuttle costs through efficiencies achieved over the planning period, we remain committed to Shuttle safety and technology upgrades. The budget reflects continued investment in a more reliable Space Shuttle Main Engine as well as avionics upgrades. It also includes investment in the technology for a 30-day Long Duration Orbiter and finances missions to Russia's MIR Space Station, including an astronaut visit in 1994 and a shuttle mission in 1995.

Secondly, we have included initial funds for Gravity Probe-B, and external technically challenging fundamental physics experiment to verify Einstein's theories of relativity.

The major third category is new technology investments, including argumentation to our aeronautical program. NASA's aeronautics program is critical to the future of an American industry that involves one million jobs. This is an important phase in a significant upgrade of NASA's aeronautical capability. Our budget request will support four major areas of improvement in the aeronautics program:

- High-speed research leading to industry development of an environmentally acceptable and economically sound American supersonic transport;
- New technologies for subsonic long-haul aircraft, general aviation and commuter aircraft, and investments in the new and expanding field of remotely piloted vehicles;
- Major upgrades to our national aeronautical facilities; and,
- Continued investments in a restructured joint NASA/DOD hypersonic research program to develop and demonstrate technology required to permit the Nation to develop reusable, single-stage-to-orbit vehicles with airbreathing primary propulsion as well as horizontal takeoff and landing.

This budget marks the largest increase in aeronautics funding in decades. Overall, NASA's aeronautics R&D program is increased by 17.9% in fiscal year 1994; by fiscal year 1998, the cumulative increase will be more than 55%. If additional funding is identified for even more aggressive wind tunnel revitalization, that level of growth may be even greater.

This request accommodates continued funding for the Advanced Solid Rocket Motor, which was restored by the Congress in fiscal year 1993. Consistent with overall NASA funding constraints, the ASRM schedule has been further adjusted to match funding availability in fiscal year 1994 and future years. The ASRM will improve system safety and reliability of the Shuttle while increasing payload lift capability.

The elements within the President's Technology Investment package will emphasize focused, innovative approaches to push the horizons of American technology. A listing of potential investments in this proposal are displayed in Attachment V. Some examples of new projects that could be proposed include:

Technology research institutes.—These institutes would be consortia combining the talents of NASA, the aerospace industry and universities. Through the institutes, industry and academia would gain access to the NASA centers, with the goal of developing dual-use technologies, and finding ways to push the early application of commercial use of new products and techniques. Graduate students would study at the institutes, and undergraduates would work alongside aerospace professionals.

Automation and robotics.—Two key areas in the technology of tomorrow are automation and advanced robotics. Many of the most promising technologies of the future will come from our work to improve our automated and robotic capabilities for Earth observation satellites, deep space probes and astronomical observatories. Automated rendezvous and docking programs could reduce the cost for resupply of the Space Station. Efforts being considered include cooperative demonstration flights with the Russian and European space programs.

Small spacecraft technology and applications.—This initiative would focus on pushing ultra-light, low-cost satellite and instrument technology through both novel data purchase and more traditional flight demonstrations. Small spacecraft technology has evolved significantly over the past several years. It appears that science missions using these technologies may now be developed and launched in less than two years and at significantly reduced cost. These technologies could be pushed through user-defined and competitively-selected data purchase partnerships involving the government, researchers, and industry. The government would pay for only its technology contributions if the data was not delivered. Several missions could be done each year providing useful science data and extensive training opportunities for the next generation of scientists and engineers. In addition, some portion of the funding would be used to further push this technology through joint NASA-industry technology flight demonstrations.

Aeronautics technology augmentation.—As previously mentioned, NASA would push aeronautical technology in the areas of high-speed flight research, subsonic, hypersonic testing and revitalization of the national aeronautical facilities.

New small Earth probes and global monitoring.—This program could be a direct beneficiary of the small spacecraft technology program. There are many gaps in the data scientists need to accurately assess the extent and impact of global climate change. These small Earth probes could be used to fill those gaps, searching for specific strands of information to fill the larger database, and complementing the planned system of larger Earth Observing System science platforms. These missions could involve creative cooperative arrangements, including data purchase arrangements with industry and universities.

New small deep space probes for science and exploration.—This initiative would provide increased opportunities for universities and industry to participate in NASA's planetary exploration program. Under consideration is a new class of small, low-cost "Discovery" missions similar to the "Explorer" class missions in physics and astronomy. The Discovery probes would feature highly focused science objectives

with a small complement of instruments, strict cost caps, short development times and the use of small launch vehicles.

Science research and analysis.—Increased funding in this area would enable improved analysis and distribution of data from ongoing science missions. This program could expand the involvement of women and minorities in NASA's scientific enterprise, while enhancing the scientific capabilities of the Nations universities in Earth and space science.

Depending on the balance between the redesigned Space Station and the tech packages, we may be able to start as many as four new series of small spacecraft in fiscal year 1994. For example, we could possibly move ahead with the Discovery program, the advanced Earth probes, tech-sats and lunar probes. The base program provides for starting a variety of other spacecraft during the five-year period.

Advanced launch technology.—The U.S. will continue to pursue lower cost access to space. This initiative could be conducted on a cost-sharing basis with other agencies and with industry to enhance propulsion, develop lower cost engines, and investigate new approaches such as hybrid rockets and other low-cost propulsion systems.

Expendable launch vehicle improvements.—NASA is considering funding contractor-managed upgrades to expendable launch vehicle technology using novel contracting approaches.

SUMMARY

Taken together, these initiatives and the new funding trends we are announcing today represents a sea change for NASA's programs. We expect to provide opportunities to expand the participation of minority- and women-owned businesses, academic institutions of all sizes, and entrepreneurial enterprises to work with NASA toward concentrating on demanding missions that utilize innovative technology that can, in turn, be applied on Earth to energize our industrial base.

We have already begun a process of change within the NASA institution. Nearly one year ago, we initiated an intensive internal Agency review involving "Red and Blue" teams and institutional teams to examine all our programs and the manner in which we conduct our business. These review were a unique opportunity to undertake an important, critical self-evaluation. The teams focused on identifying requirements which could be eliminated, efficiencies which could be incorporated, and ways in which NASA's programs could be made better, faster, and cheaper. As I mentioned earlier, their efforts identified savings for NASA in excess of \$10 billion over five years. A special team assessed current procedures for planning and initiating programs within the Agency, and have undertaken improvements which will result in reduced cost and technical risk on new and future NASA aeronautics and space flight programs. Institutional teams also identified a number of weaknesses in existing program management and procurement practices which have contributed to past cost growth in NASA programs, and which formed the basis for a series of broad management and procurement reforms upon which NASA has recently embarked, which, I am confident, will put NASA solidly back on track.

We intend to continue to ensure that, as a cutting-edge institution, diversity is at the root of our workforce, and to enhance that workforce by inviting greater participation of minorities, women and the disabled. And, we intend to continue to make progress in expanding the percentage of our annual contracted effort which is conducted by small disadvantaged businesses, with great hopes of reaching our projected goal of 8% in fiscal year 1994.

I believe this budget addresses America's long-term interests in civil space and aeronautics. It is a fair budget, and if we execute it properly, we should have a more balanced program in the future. We will be able to make some of the critical investments this country requires to push its technology forward into the 21st Century. In the process, I believe we will make the overall NASA program a much healthier enterprise.

By early in the next century, we could have a new fleet of small capable spacecraft exploring the solar system, while advanced hypersonic, supersonic and subsonic aircraft in development will be revitalizing America's aeronautical base and our access to space. We could have a new stable of low-cost, ultra-reliable expendable launch vehicles to further augment our ability to get this new array of scientific payloads into space. We could have a productive Space Station opening new frontiers from its vantage point in low-Earth orbit. We could have a much healthier, balanced set of programs that make a difference to America.

For the past 35 years, NASA has been a source of wonder and hope for the future to America and the world. NASA must be successful in addressing the financial and technological challenges facing us today so that we can continue to inspire young and old alike, help rekindle the American spirit, and rejuvenate the economy. If we

can make these contributions represented by the President's budget for NASA today, I believe we will help this Nation reap rich benefits from our science and technology investments tomorrow.

Thank you very much, Mr. Chairman, for this opportunity to describe the President's fiscal year 1994 budget proposal for NASA. I would be pleased to respond to any questions you may have.

ATTACHMENT I

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

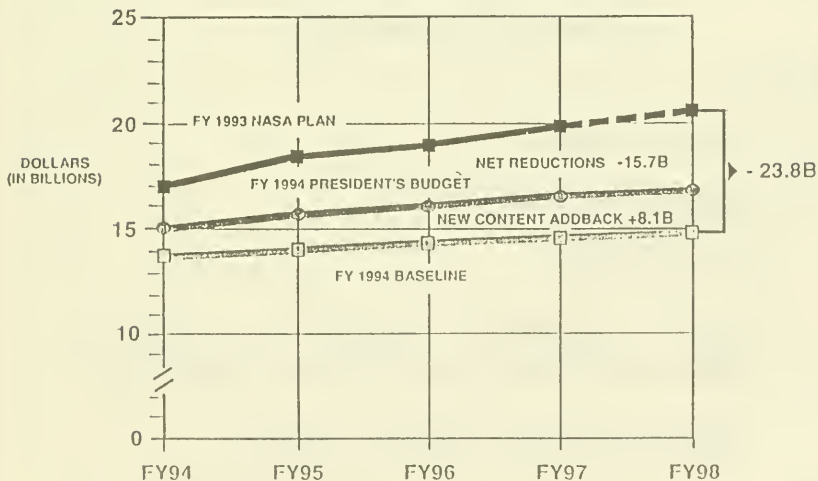
FY 1994 BUDGET SUMMARY

(Millions of Dollars)

	Budget Plan		
	1992	1993	1994
RESEARCH AND DEVELOPMENT	6,827.6	7,089.3	7,712.3
Space station & new technology investments	2,002.8	2,122.5	2,300.0
Space transportation capability development	739.7	649.2	619.2
Physics and astronomy	1,036.7	1,103.8	1,074.7
Planetary exploration	534.2	473.7	557.2
Life sciences	157.6	140.5	
Life & microgravity sciences & applications			351.0
Space applications	985.1	1,148.0	
Mission to planet Earth			1,074.9
Space research and technology	309.2	272.7	290.2
Commercial programs	147.6	164.4	172.0
Aeronautical research and technology	708.2	865.6	1,020.7
Transatmospheric research and technology	4.1	--	80.0
Safety, reliability and quality assurance	33.6	32.7	35.3
Academic programs	66.8	92.9	74.5
Tracking and data advanced systems	22.0	23.3	24.6
SPACE FLIGHT, CONTROL AND DATA COMMUNICATIONS	5,384.8	5,086.0	5,316.9
Shuttle production and operational capability	1,296.4	1,053.0	1,189.6
Shuttle operations	3,029.3	3,016.0	3,006.5
Lunch services	155.8	180.8	300.3
Space and ground networks, communications & data systems	903.3	836.2	870.5
CONSTRUCTION OF FACILITIES	531.4	525.0	545.3
RESEARCH AND PROGRAM MANAGEMENT	1,575.8	1,615.0	1,675.0
INSPECTOR GENERAL	13.9	15.1	15.5
TOTAL BUDGET AUTHORITY	14,333.5	14,330.4	15,265.0
OUTLAYS	13,959.9	14,077.6	14,670.0

ATTACHMENT II

FY 1994 President's Budget



ATTACHMENT III

FY 1994 President's Budget
Five-Year Summary (FY 1994 - FY 1998)

REDUCTIONS

	FY 1993 <u>Budget Runout</u>	FY 1994 <u>Budget Runout</u>	Δ
	(Dollars in Billions)		
Space Station	15.1	7.1*	-8.0
Shuttle	22.8	19.4	-3.4
<u>Infrastructure Reductions</u>	<u>18.5</u>	<u>15.7</u>	<u>-2.8</u>
Space Communications	6.8	5.3	-1.5
Construction of Facilities	2.2	1.6	-0.6
Civil Service Costs	9.5	8.8	-0.7
<u>Restructure</u>	<u>10.7</u>	<u>8.1</u>	<u>-2.6</u>
CASSINI	1.7	1.4	-0.3
AXAF	1.9	1.6	-0.3
EOS	7.1	5.1	-2.0
Terminate NLS	3.0	0	-3.0
Terminate SEI	0.5	0	-0.5
Other Efficiencies & Reductions	<u>25.5</u>	<u>22.0</u>	<u>-3.5</u>
TOTAL	<u>96.1</u>	<u>72.3</u>	<u>-23.8</u>

* The Administration has not made a decision on the funding level for the Space Station. Three budget options are being examined and the exact funding level is dependent on the outcome of the Space Station redesign effort.

ATTACHMENT IV

FY 1994 President's Budget

NEW CONTENT ADDBACK

Shuttle Improvements

Gravity Probe-B

Aeronautics

New Technology Investment Candidates*
(Includes Aeronautics Augmentations)

Advanced Solid Rocket Motor

* Specific projects have not been identified. Total funding and content are dependent on Administration decisions after the Space Station redesign effort study is completed.

FY 1994 President's Budget

New Technology Investment Candidates

- Space & Aeronautics Technology Development and Flight Programs
 - Technology Research Institutes
 - Automation and Robotics Technology
 - Small Spacecraft Technology and Applications
 - Aeronautics Technology Augmentation
- Scientific Earth Satellites and Deep Space Programs
 - New Small Earth Probes and Global Monitoring
 - New Small Deep Space Probes for Science and Exploration
 - Science Research and Analysis Augmentation
- Launch Vehicle Advancement Programs
 - Advanced Launch Systems
 - Expendable Launch Vehicle Improvements

PRESIDENTIAL BUDGET CUT

Senator MIKULSKI. Do you want to say anything else about the NASA budget before we go to Mr. O'Connor?

Mr. GOLDIN. I will just say a few brief words because I thought that is where the emphasis—yes.

Senator MIKULSKI. The emphasis will be on the space station, but NASA is more than the space station. And if the space station goes, then NASA better be more than the space station.

Mr. GOLDIN. The President, in addition to asking us to redesign the space station, has asked us to cut \$15 billion out of the projected 5-year plan for NASA. We had been projected to be at \$96 billion over the 5-year period, and he has asked us to take \$15 billion out of that. That is roughly 1 year's funding out of 5. He has asked us to prioritize what we are doing and rebalance the budget.

A key element to this budget that you see is a significant increase in the aeronautics program. Over the 5-year period, the President is proposing an increase in the aeronautics program of over 50 percent. We are also proposing that we have stability in our key scientific programs. AXAF, Cassini, and EOS are in the budget, funded, and we believe at a solid level. We are proposing a new program, Gravity Probe-B. We are proposing a broad range of advanced technologies and commercial activities. And we do believe we have balance in the budget between science and technology, between human space flight and robotic space flight.

Also in this budget, we are very proud to say that we are being very focused on bringing in more of America into the NASA family. We have made a major thrust in the area of small and disadvantaged businesses. This last year, I might say, we exceeded our goal

which was 6.9 percent, and we hit 7.2 percent in 1992. Next year, in 1993, we intend to do better than that. We are doubling the amount of money to minority institutions of higher learning to bring them more into the NASA family. And we have a major outreach program to have women-owned and minority-owned businesses and businesses owned by disabled Americans participate. We formed a committee along those lines to consult for NASA. So we think we have a broadly rounded space program.

SPACE STATION REDESIGN

Senator MIKULSKI. Thank you very much, Mr. Goldin.

The way we are going to operate is to ask Mr. O'Connor to present his testimony. Then all of us will go through a first round under the 10-minute rule and then come back for a second round for those who want to probe the budget, which can be as mysterious as the universe, following the chaotic theory.

So, Mr. O'Connor, the floor, the slides, everything is yours while we hear about what you did and what your findings were.

Colonel O'CONNOR. Thank you, Madam Chair.

I would like to say that when we began this effort 90 days ago, it was a significant challenge for us. We were asked to redesign the space station, and the numbers that you may have seen, \$5, \$7, and \$9 billion, were the 1994 through 1998 targets for us. As we began our work, we realized that it would be difficult to attach a design to each of those numbers because the designs that we came up with tend to be modular in nature. And what we did instead was we showed you how much it takes to get to each stage of development of these designs.

Now, that will lead us into a discussion of the designs themselves. We had three of them. We called them A, B, and C.

SPACE STATION OPTION A-1

Senator MIKULSKI. Is this the way to follow it, Mr. O'Connor?

Colonel O'CONNOR. Yes, ma'am.

Senator MIKULSKI. This is going to be very complex and technical.

Colonel O'CONNOR. Option A came in two flavors. The first one was with a satellite called Bus-1. It is a modular buildup. These are four stopping places that you see, starting in the upper left and going across and then the lower left and going across. This is the same kind of idea as space station *Freedom* where we build this up with shuttle flights and it is put together in trusses and in sections. The difference with this design is that the guidance navigation control and propulsion systems are in this thing called Bus-1 that sits on the very top.

POWER STATION

Senator MIKULSKI. What is a stopping place? Because that is what we worry about.

Colonel O'CONNOR. This is a place where you can stop and actually do science.

Senator MIKULSKI. Oh, this would allow you to stop and do science. But is it not the purpose for this stopping that you could

stop there and end the program? In other words, at each one of these spots, there is one type of science you will do?

Colonel O'CONNOR. There is one type of science you can do at each stopping point. The first one, for example, we call the power station. It takes three flights. And, at this point, a shuttle can come up and attach to that power station and feed power to the shuttle to do shuttle experiments.

HUMAN-TENDED CAPABILITY

The second stopping point is called human-tended capability. What we have done here is we have added some capabilities to keep human beings at work in a laboratory. And what you see attached there is a small laboratory. It is not the same size as the one we have on *Freedom*. It is a combination of the laboratory and the node that we have on the *Freedom* design. And the idea there is, again, keep it simple and try to minimize the number of shuttle flights that it takes to build this design.

INTERNATIONAL HUMAN-TENDED CAPABILITY

The third one, we have added another array for electrical power, and that is those big fanlike things that you see on the ends there. And we have the international partners' modules attached at this point. This is called international human-tended capability.

PERMANENT HUMAN CAPABILITY

The final stopping point, we have more power capability with that third photovoltaic array. And we have added an airlock and a habitation module and the two Russian-built assured crew return vehicles [ACRV]. At this point, now, you can put people on here to work on the space station. Four crew members can work on here and they do not have to have the shuttle there. The shuttle is then used to carry people back and forth.

SPACE STATION OPTION A-2

The second page shows option A-2. This is an option very similar to A-1. The only difference is that it does not have that Bus-1 satellite attached to the end. Therefore, those functions that Bus-1 was able to do are now distributed, as they are in *Freedom*, throughout the structure. It takes a little bit more EVA, which is space walks, to keep this thing maintained because of that.

Senator MIKULSKI. How many?

Colonel O'CONNOR. I will get you the numbers.

Senator MIKULSKI. Just approximate, Mr. O'Connor.

Colonel O'CONNOR. OK. Approximately, for the final configuration there, in order to maintain the option A-1, that first one, it takes approximately 187 EVA hours per year. And it is slightly over 200 per year to maintain the second capability. I do not have the exact number; I can get that.

Senator MIKULSKI. No; I do not need exact.

Colonel O'CONNOR. The philosophy with this design was try to keep it simple, try to reduce the number of flights that it takes to assemble, and try to reduce the number of space walks that it

takes to maintain. There is also significant reduction in the data management system and the communications and tracking systems in order to make them simpler.

One of the things that has been done with both of these designs is that the photovoltaic arrays, those big fan devices I talked to you about, only move in one direction. Now, in the space station *Freedom*, they move in two directions. They can rotate in what we call the beta direction and the alpha direction. Alpha direction means that whole thing can rotate around like a propeller in order to keep pointing at the Sun. They can also rotate around their own axis. Again, that allows you to point those at the Sun and you do not have to maneuver the station.

With option A, we took one of those joints out, and so there are some times when the whole station will have to maneuver in order to maximize the amount of power that they get.

SPACE STATION OPTION B

Now, the third page shows the option B. This is the space station *Freedom* derived design. Again, it has four stopping places. The first one is the power station. It is very similar to what you saw in option A. It will provide power to the space shuttle when the space shuttle has its own laboratory on board, which we fly today.

In the second one we have the human-tended capability. In this one we have added the laboratory and a node. This is a larger laboratory than we saw in option A. It is the same laboratory we have with the space station *Freedom* today. You see at the end of that laboratory there is a capability for the shuttle to come up and dock to this laboratory. The shuttle then would be the place where the astronauts live and eat, and they use the laboratory for science.

In the third picture, we have the international human-tended capability. At this point, we have more power capability and we have the international partners' modules on board.

In the final configuration, just as in the first case, we have the assured crew return vehicles and we have the habitation module for the astronauts to live. They do not have to have the shuttle here now to do science and, at this point, you can keep people on orbit for 365 days a year.

Now, the difference between the philosophy on this design and the option A. Whereas, in option A they looked for ways to reduce the number of space walks and shuttle missions to build it and to keep it simpler and to try to use other off-the-shelf technology, like that Bus-1, in this design we know that change can also be expensive. Changing at this point in the design of the *Freedom* where we are at the critical design review can also cost money.

So the idea here was only make changes if it looks like it can really save you some. And the changes, then, are less dramatic than they are with the option A. They have kept all the joints so the solar arrays can point by themselves. The attitude of the station then can stay the same all around the Earth. This has some effect on the science that you can do, and Bonnie Dunbar can explain that for you a little better.

But they have made some changes to the data management system to reduce its complexity and reduce the amount of maintenance that it takes to keep that up, as well as the communications

and the tracking systems. So these modifications were made to the *Freedom* design to come up with this one.

SPACE STATION OPTION C

The third option is quite a bit different. We had the freedom to depart from the *Freedom* design, and we took that capability in hand with this one. Unfortunately, the pictures that I am going to show you are not the same as you have in your handout there. The color pictures did not come out on the reproduction. But the idea here is that in a single mission you launch the core of the space station.

This sequence that we have here shows you that it mounts on the external tank and the solid rocket boosters, just as the space shuttle does. And, in fact, it uses the main engines of the space shuttle to propel it into orbit.

As you see, during ascent, the solid rocket boosters and the external tank come off at their normal times. The core of the space station then sheds the nose cone and the main engines once it is in orbit. And it unfolds the arrays. These are the same kind of arrays that we are using with space station *Freedom* to gain power.

Now, in this design, the core space station module here looks a lot different than space station *Freedom*, but it does have about 47 percent of its replaceable units. In other words, its components come from the space station *Freedom* program. And most noticeable here are these solar arrays that are on the top. Now, in this case, the solar arrays do not rotate at all; they are fixed. And that means if you want to maximize your capability to draw power from these things, then the space station itself will rotate in order to be pointed at the Sun.

In its final configuration where we have maximum power capability, there is a third array that is put on the nose of that module, and you can see that on the top of the film there. Also in this you can see the Japanese and the European modules have been attached to the side. We also have a logistics module in this picture, and the Canadian arm is attached to the end. This is the final configuration and it is after the 10th flight of the shuttle to get it into this configuration.

The next slide I am not going to talk through but it is for reference. It does show you that each of the options A and B have four places where we have labeled stopping points. Option C has three different capabilities there as you build up. And it summarizes for you what is on each case.

OPTION ASSEMBLY MANIFEST

Now the next slide shows you the combined schedule that we have for each of these options. The option A and option B both will be ready to launch in October 1997 on their first flights. The acronyms on the top. Power station after three flights. Human-tended capability is shown here after the fourth flight for option A. And, as you can see then, it takes you out to December 1999 when the internationals are fully onboard, and option A is complete with their final stage in September 2000.

Now, during these assembly sequences, we are also gaining science from the station. We do not wait until it is up there to get the first science. In fact, we have what we call utilization flights, and in some cases on some of the other flights, we leave the shuttle up there in order to gather science while they are in a partially completed mode. That is what the UF's means.

OPTION B

Option B's sequence looks very similar to space station *Freedom*. Now, they chose in their study to use the same utilization flight schedule as the space station *Freedom* has where they use three utilization flights per year during the buildup. And that does not really affect the 1994 to 1998 costs very much. But if you focus on the final costs to build each of these stations you need to keep that in mind, because they go all the way out to December 2001 to build this option. It does take more flights. Instead of 13 we have 20 flights to get to that final configuration with the option B. That 20th flight could actually happen earlier if we decided that we did not want to do as much science on this station as what we have planned here. So that could reduce the final cost to completion if you just changed your science strategy. I will show you that when we go through the costs later.

OPTION C

They are ready to go in September 1999 with their first flight and then they begin to outfit it with the crew return vehicles and with the racks. The Japanese and the European modules come up. And the final flight is when the third photovoltaic array goes up for electricity.

SPACE STATION REDESIGN ACQUISITION STRATEGY

Now, probably the most important part of this study was the fact that we also had the freedom to take a look at new management and acquisition approaches, as well as operations. These are the areas where we felt like we could really do some good in trying to bring the costs down. Summarized on the next two pages are the strategy that we would use for the space station redesign.

We would propose a noncompetitive selection of a single prime contractor from among the contractors that we now have on *Freedom*, and allow that single prime contractor then the prime and integrator instead of the distributed prime contractual arrangement we have now with several primes. Where there are significant savings to be had here and it would streamline the contractors. The remaining space station prime contractors would then be selected subcontractors to that prime. Some terminations or descopings of space station contracts would occur depending on which one of these options that you are talking.

Senator MIKULSKI. Now, Mr. O'Connor, would you just wait a second?

To my colleagues on the committee, this is remarkably technical and we are passing out an additional document that NASA sent up that was extremely helpful entitled, "Technical Assessment for Per-

manent Human Capability." So while we are reviewing Mr. O'Connor's presentation,—is it Dr. O'Connor or Mr. O'Connor?

Colonel O'CONNOR. Mister.

Senator MIKULSKI. Well, you ought to get an honorary doctorate when you finish this. I will tell you that. [Laughter.]

For Mr. O'Connor's presentation, what also helps you follow is the other charts on the design maturity, when; flight launches; and so on. And know, for my colleagues on the committee, if necessary, we can have additional briefings or reviews on this. But I know we are trying to follow it, and I think what you are saying now with this slide is this is the core concept for management efficiencies.

Colonel O'CONNOR. That is right.

Senator MIKULSKI. Is that the principle behind the slide?

Colonel O'CONNOR. Yes, ma'am.

Senator MIKULSKI. Yes; but also, for my colleagues, you will look at when the first element is, the number of assembly flights, and all those other things. We are passing out charts I just want to give them a navigational chart while you are explaining this as well. So we can follow along. This is tough stuff.

Colonel O'CONNOR. I will try to keep it from being tough.

Senator MIKULSKI. You are doing very well, Mr. O'Connor.

Colonel O'CONNOR. The next page just says that we would change the way we do award fees. We would have a cost plus award fee contract with extra fee for incentive for performance milestones, performance of the station on orbit; for example, schedule, cost, and technical performance.

MANAGEMENT AND PROCUREMENT COST SAVINGS

The next slide summarizes the management and procurement cost savings. On the government side, we would eliminate the stand-alone level II management organization and we would streamline the NASA management. Instead of the 2,300 or so civil service in management of this concept, we would streamline it down to a single program management office with about 1,000 people. The prime contractor, therefore, takes on more responsibility in this mode. For options A and B, we reflect about a 15-percent total savings over what space station *Freedom* is.

Senator GRAMM. Now, does that mean that you are going to release 1,300 people from NASA? What I am trying to figure out in listening to all of this talk about restructuring of prime contractor, shifting responsibility to the private sector, is what happens to NASA? Do these savings come from reduction in the number of people on your payroll, or from the fact that the contractor is going to do a better job? Where are the savings coming from?

Mr. GOLDIN. Let me address that issue. Mr. O'Connor and his team was asked to address the cost of the space station *Freedom* as a package unto itself. The assessment of the team was that we could do a much more efficient job with more contractor employees and giving a single contractor total responsibility instead of having the Government being an interaction agent for all of the major contracts. We had a number of studies along that line.

Now, with regard to the 1,300 employees, NASA has a very difficult problem. If we were to just say we ought to lay off those 1,300 employees, we would have to go through what is called a RIF

process, reduction in force. If that were to happen on a seniority basis, we would have to lay off those employees with least tenure at NASA. In that process, we would lose all the benefits we have gained in terms of enriching the labor force with women and minorities. And NASA has made a very, very valiant attempt to balance our work force.

So toward that end, we have sought from the White House approval to have an early-out program so that we would have a voluntary approach to allow employees that were eligible for retirement to leave early so we would not have to have this terrible process that would be implemented in terms of a RIF. So that is one of the approaches that we are seeking to put into place. We have made some estimates, and if we could get approval for an early-out program and concurrence from the Congress, that would help the process.

Second, NASA has been asked by the Augustine Panel a few years ago to get NASA employees more focused on not just managing contracts, but to get involved in the technology. There are a number of technology activities inside of NASA where we feel we could deploy these employees and make a significant benefit to the Nation.

And third, there are a series of core activities right now that the inspector general of NASA has indicated he felt it was more appropriate to have Government employees than to have service employees, areas such as safety and reliability and a few other areas, because we had a limit on the number of employees we could hire. We could not up staff, so we would use the employees in those areas. So those would be the three approaches that we would go at.

Senator GRAMM. Madam Chair, let me make a brief statement and then we can go back to the testimony.

Senator MIKULSKI. I would like to; yes.

Senator GRAMM. I think that, clearly, one of the things we are going to have to do, if we are going to be spending 20 percent less at NASA, is reduce the number of people on the payroll. One of the things I am fearful about is that we will end up with a huge overhead, this huge payroll, and we will be doing less. I mean, that is going to compound the reduction in science, and that is what we want to do more of, more science. Learn more, more technology, more long-term impact on the economy. I just wanted to get a feeling as to your thoughts, and I would appreciate a little memo on the early-out program, what it costs and how it would work.

Mr. GOLDIN. Yes, sir; we would be pleased to do that.

[The information follows:]

NASA is undertaking an effort to reduce civil service personnel to meet funding and staff reduction targets while attempting to lessen adverse effects on the workforce as a whole. The Agency wants to meet the necessary targets while keeping productivity at a maximum. Usually, the best way to achieve reductions is through voluntary mechanisms that induce and motivate employees to leave the Agency. To this end, we are seeking both a voluntary early out authority from OPM, and a separation incentive pay (commonly referred to as "buy-out") for voluntary separations which would require Congressional approval. The early out authority from OPM would enable employees who are considering retirement to take advantage of the opportunity to retire from the civil service sooner than they would otherwise be able to retire (at least 50 years old with 20 years service, or with 25 years service at any age). The separation incentive pay could be offered to employees retir-

ing who meet normal age and service requirements, to employees retiring without meeting normal age and service requirements, or to employees who simply choose to resign. The Agency could also manage its losses by choosing to phase the offering of these incentives so that only those losses needed are achieved.

Utilizing the flexibility of these voluntary measures along with any other normal attrition would assist the Agency in reducing the number of people currently on the NASA payroll. Inducing employees to leave will save the Agency money. Although an employee may be paid up to a \$25,000 lump sum payment, the Agency would begin to achieve immediate savings in salary and benefits payments that normally would be incurred over an extended period of time while the Agency waited until employees decided to retire or become eligible to retire. At the same time, other employees who remain with the Agency and who possess the requisite skills may be assigned to fill new positions associated with current mission requirements and planned changes in the procurement methods and contract management.

The costs associated with other means of reducing the workforce, such as Reduction in Force (RIF), are much less palatable and do not provide the flexibilities needed to manage the workforce. Cost savings from RIF are minimal in the first year due to payment of severance pay for separated employees. The Agency has approximately 4,000 employees eligible for voluntary retirement, and another 4,000 employees eligible for early retirement. The termination of at least 1,200 employees under RIF processes would be necessary to save \$25 million. If the Agency could induce 450-500 of these employees to leave through voluntary incentives and measures, in addition to the 1,000 losses already planned for 1994, the Agency would be in a better posture to adjust the workforce to meet the redesign of Space Station while maintaining emphasis on other NASA missions, including science.

Senator MIKULSKI. Mr. O'Connor, would you proceed, and in the interest of time, my recommendation to you is, after you finish your management and procurement, if you would move to cost, science achieved, and support from the international partners.

I believe there is consensus on the subcommittee with the original NASA approach, which was that, if the space station, whatever it is, cannot do microgravity and life science—I do not mean human physiology in space, testing for a Moon/Mars jump, but really the type of agreement done between NASA and NIH, then those are the core questions we are asking.

So, rather than a lot of charts and taking us through your analytical process, if we could, after you do that, move to more of the charts that are in the back that I believe go over that. Because we can come back to those that are technical.

Colonel O'CONNOR. Sure. Yes, ma'am. The only point I was going to make is that options A and B use the same approach on management with a core management team using product action teams. With option C, the approach we used was different. Option C is so much like a space shuttle, uses so many space shuttle components and is so entwined with the space shuttle for its launch capability, that we combined their management with the shuttle management, and the same with operations. And that is where the savings come in from that.

OPERATIONS COST REDUCTION

Now, there is a summary of how the operations costs were reduced. I will not go through that, but it is there for your interest. It shows the amount of the operations budget in each category is on the left, and the amount that we have reduced from each of those on the right, by doing a whole number of things with operations.

Senator MIKULSKI. Now, is this true, then, for every option? This is what would occur?

Colonel O'CONNOR. Yes, ma'am.

Senator MIKULSKI. So, in other words, where it says, "operations cost reduction," and we go to single contractor, centralized logistics, no matter what option would be chosen, if any is chosen at all, this is the core?

Colonel O'CONNOR. Right; that is an across-the-board change in operations. There is a slight difference in the operations costs that come out of that. Again, option C has so much synergy with the space shuttle, and 30-some odd percent of its components are space shuttle off-the-shelf components. So that gives you some other savings, also, long-term in shared logistics and ground facilities and so on.

Senator MIKULSKI. Thank you.

POTENTIAL RUSSIAN PARTICIPATION

Colonel O'CONNOR. The next slide just summarized the potential Russian participation. We did have discussions with them on various areas.

Senator MIKULSKI. Would you share for the subcommittee what Soyuz means and, also, what the potential savings are?

Colonel O'CONNOR. We plan to use the Soyuz spacecraft, which is their standard spacecraft that they use to get cosmonauts up and down to their own station. It carries three cosmonauts. We plan to use a modified version of the Soyuz for our astronauts as an escape vehicle. And each one of these options has two of them attached at their final stage, and that way we can have four crew members on board. Each of the Soyuz spacecraft would be able to bring down two crew members, one of whom might be injured, and the third seat then would have medical equipment on it. We feel that, at that time, we are truly permanently occupied.

Mr. GOLDIN. Madam Chair, we would like to indicate first that one of the reasons that those Soyuz vehicles are shown on that slide was as a result of some of the hearings you held, I believe it was a year ago March.

Senator MIKULSKI. Senator Garn and I; right?

Mr. GOLDIN. Senator Garn and you held those hearings, which opened up the way to Russia. Second, I would like to say that not only are we working with the Russians, but we will save on the order of \$1.5 billion instead of having a new assured crew rescue vehicle developed in this country. So it is a very, very significant savings.

Senator MIKULSKI. And you followed up?

Mr. GOLDIN. Yes, ma'am.

Colonel O'CONNOR. Also, we do plan to baseline the docking systems. The Russians have excellent docking systems with a lot of experience on them. This is the mechanical thing that attaches to Soyuz to the space station when it comes up to join up on the station and allow the crew members to pass back and forth.

Some of the other things that we looked at we are not quite ready to incorporate yet. We do not have the costs on them. We also looked at some of their launch vehicles as potentials for aiding us in the logistics downstream where we could take some of our cargo up and down; for example, on their Proton launch vehicle if we were to build this station at a higher inclination where the Rus-

sians also fly their station. So some of these we are using; some of them are still in discussion; some of them are potentials for equipment to put on our space station later on.

Now, the next sequence of charts is a series of cost charts.

SPACE STATION REDESIGN COST

Senator MIKULSKI. I would like you to skip that and go to the chart with the bar graph, because I think that is the bottom line analysis of what the costs are. There are votes coming up and I would like to move the conversation without shortchanging it. This then takes us to the costs.

Colonel O'CONNOR. The bar chart that you see here is, again, the 1994 through 1998 costs to get to each one of these options, assuming that you are taking it all the way out to its finish. Remember, some of these concepts are not finished until 2000, 2001. So we are showing you what the costs up through 1998 would be, approaching those configurations.

And we have also compared that with space station *Freedom*. There are two bars for *Freedom*. One is what we had in September 1992 for the cost for the space station *Freedom* program. And all of these costs include not only the development costs but, as the OMB asked us to do, they also include changes to space shuttle that are required and the payloads, the science that we will be doing on these missions, which is in a different part of the budget. But for purposes of this, we added all those together.

Senator MIKULSKI. The total life-cycle costs?

Colonel O'CONNOR. Right. Well, the total costs through 1998. From 1994 to 1998 is what you are seeing in these charts.

Senator MIKULSKI. Does that also include civil service costs, as raised by Senator Gramm?

Mr. ALLISON. No; it does not.

Mr. GOLDIN. But we do have charts.

Senator MIKULSKI. Well, go through this chart. And then we will come back to it. Because, you see, that is it. We do not get the real—what is the cost.

Colonel O'CONNOR. Well, as you can see, options A-1 and A-2 are close to \$13 billion. Option B is about the same, \$13.3 billion. Option C comes in at \$11.9 billion from 1994 through 1998. And at the bottom, you see the date that each of these will achieve their final configuration.

If you have more questions about the costs—

Mr. GOLDIN. Would you like to see the other bar charts on costs, because they are all from the final report. We could have Mal take 3 minutes now and show it to you.

Senator MIKULSKI. Yes; because I think what the committee wants to know is, No. 1, the cost, the real cost, total civil service, then the scientific capability of each design, and then what our international partners' view is of that. Because that goes to affordability, what science do we get, and how do our collaborators and cooperators feel about it. Is there one slide with just the bottom line?

Mr. GOLDIN. Yes.

Mr. PETERSON. Yes; this chart, Madam Chair, is for fiscal year 1994 through the period of roughly 2010. It incorporates on the top

line of each chart there, as you can see, the civil service and shuttle marginal costs for this period of time.

Senator MIKULSKI. Could you tell us, just so we can move—and excuse us for trying to move it. We are going to have a vote and we do not want to be disruptive.

For option A-1, counting civil service costs, what would be the total cost?

Mr. PETERSON. The total cost, as indicated there, is a composite of the \$5.2, \$13.5 and \$17 billion, and that amounts to roughly \$35.7 billion.

Senator MIKULSKI. And that is through the year 2010?

Mr. PETERSON. Through the year 2010.

Option A-2 is \$35.2 billion. Option B, which goes actually through the year 2011, is somewhat higher at \$37.3 billion. I hope I am doing the math right; I am doing it in my head. And option C is at \$29.4 billion through 2010.

Senator MIKULSKI. OK. Thank you.

I think this is where we should stop. We have a vote, and what I would like to do is turn to Senator Bond, who has a statement, while we leave. Then we will come back and we will continue the hearing in which we will ask you to focus on the science, the international partners, and then go to questions and answers. Is that agreeable with everybody?

Senator Bond, did you want to say something?

Senator BOND. Madam Chair, I appreciate that.

Senator MIKULSKI. When Senator Bond has completed his statement, the subcommittee will stand in recess until we return from the vote.

Senator BOND. Madam Chair, I am quite used to having people walk out while I speak, but never have I had such a distinguished group walk out. But, my remarks will be available in the record, and I wanted to make some comments to our distinguished witness.

IMPORTANCE OF AEROSPACE INDUSTRY

With the redesign options being presented to President Clinton today, I think it is extremely important we give this issue thorough consideration. The U.S. aerospace industry is our most important industry and it is key to our economic and national security. Not only does it produce the aircraft that keep our military strong and allow us to perform as we did in the gulf, it provides millions of high-paying jobs on both the commercial and defense sides, not to mention the fact that it is our most important exporting sector.

As we are talking about spending dollars in defense conversion, if we were to shut down our most significant high-technology program with the potential for high scientific achievements and good-paying jobs and then try to force industries to convert into other areas, we would ignore not only past experience—Norman Augustine has said the defense industry's efforts at conversion to commercial production have been unblemished by success—we would also ignore common sense.

I believe NASA plays a key role in keeping our aerospace industry strong and the decisions we make in this subcommittee will, to

a large extent, determine how much assistance NASA will be able to provide to U.S. companies. The decision of whether or not to go forward with the space station, a national aerospace plane, or a high-speed civil transport has ramifications well beyond those specific programs. And it is essential that we keep that in mind as we proceed with this year's appropriations bill.

This year appears to be a very key year for NASA. I am encouraged, on the one hand, finally to see some action in two critical areas. One, rebuilding our critical aerospace infrastructure and, two, investing in the aeronautics side of the house in technologies that have a direct application to commercial aerospace.

And, Mr. Goldin, I have appreciated the conversations we have had about that. You know my strong feelings on it and I appreciate the directions in which you wish to move.

On the other hand, I am extremely concerned by the ongoing effort to scale back the space station. I believe space exploration and experimentation are very important. On the other hand, we face tough budget problems. We have to make tough choices. We must be sure that all programs, including the space station, make sense and can be funded before we go forward with them.

I want to see a space station. I believe it will pay off in science, commerce, and health care. But I do not believe we should build an incapable station simply for the sake of having a station. I am concerned that we are perilously close to the point where we are redesigning the station out of existence. I am not yet convinced that the administration is committed to following through on this project. There have already been reports in the paper that, if we take the cheap option that is not really so cheap, option C, that our international partners are going to look at it and say, "The hell with it; it is not worthwhile." And when you see the delays in the benefits and the opportunities and you look at some of the associated costs that I hope to be able to touch on in the question and answer session, I think we could wind up spending almost as much money and have nothing to show for it.

For that reason, I think it is vitally important that we resolve these questions and make sensible decisions, not try to get out on the cheap and wind up sacrificing any long-term scientific or commercial values.

With that, I turn to my distinguished colleague from Montana to see if you have any comments, since we seem to be running the hearing.

Senator BURNS. I think we got abandoned.

Senator, thank you very much. And, Mr. Goldin, thank you. It is nice to see you this morning. We had not talked yet and got on the telephone and then visited about some things.

I just want to make a brief statement, then I will go vote, too. The space station I think is important. Serving not only on this committee, appropriations, for this particular agency, but I also serve on the authorizing committee, which is the Commerce, Science and Technology and NASA, and we have already had one hearing on new materials.

REDEFINING MISSION

Senator Rockefeller wants to play a major role in developing new technologies, and I think we have an opportunity to do that and also provide, with this organization and the wonderful people that we have involved in NASA, to be the infrastructure that will keep this country in the forefront in all science and technologies for the future. But we have to redefine what our mission is.

NATIONAL AEROSPACE PLANE

My particular is not only the space station, but I think one of them is the development that will help us in our everyday life, and that is the space plane, the ability to fly from this country to Tokyo in 4 hours and move 300 people. The technology that it brings in new materials, composites, and this type thing that it is going to take to develop this plane and this technology is an inspiring thing. Whenever we can move people to any other part of the world in less than 4 hours is something that is mind boggling.

I think we are going too fast now. The other day I was just on a commercial flight doing 500 miles an hour and some guy was complaining because he was 5 minutes late. I said, "My God; we have really advanced here in science, worrying about 5 minutes going through the air at 500 miles an hour."

But the stuff that the NASA people are made of are things that can apply to everyday life—the technologies. And that has been the real spinoff and the real asset for this country, is what we have developed for the average American.

So, with that, I am going to concentrate my efforts, to be quite honest with you, on that space plane, on something that we could apply to every day. And I am going to devote quite a lot of my time in that area, in that particular development. And, of course, it is another stepping stone to what we can do in outer space, also.

But the American people that are picking up the tab, that are pulling this wagon, they want to see some of these benefits come back to them in everyday life. And I think this is probably one area where we can do that and we have the capability of doing that.

And I thank you for your patience sitting up here and hearing a couple of politicians just drag on.

Senator BOND [presiding]. I found it interesting. I thank the distinguished Senator from Montana, and I declare the hearing in recess.

[A brief recess was taken.]

KEY DIRECTION, CONSTRAINTS, AND OBJECTIVES

Senator MIKULSKI. The hearing will reconvene. I know Senators will be joining us back and forth, but would you proceed, Mr. O'Connor, with the rest of your presentation?

Colonel O'CONNOR. Yes, ma'am. What I would like to do is go to the last two charts. These are just a summary of some of the key constraints and objectives that we began our exercise with.

Now, this 90-day effort has been very fast moving, and the last couple of weeks we have been putting our final schedules together for each of the options. And when I get to the schedule I have a

misprint on here I would like to point out, and you can change that on your copy.

But the first one was to meet the budget, \$9 billion from 1994 to 1998. None of the options in their final configuration met that goal, as you can see. Really, the only options that met the goal were the power station versions of options A and B. They fell under \$9 billion. The next mode, the human tended, was over the \$9 billion mark.

We also had a goal to complete assembly of the space station by 1998. Again, none of the options were able to meet that. Their assembly complete dates were in 2000 and 2001. The misprint I have is due to—I just missed it. We have had final configuration of our schedules in the last week. The final configuration, or assembly complete, the order is option A is complete first, option C is complete second, and option B is complete third. That is on the second line there, "assembly complete." It should say A, C, B.

Now I will let Bonnie talk about the high-priority science in detail for you. I know you are interested in that. This is just the way that they turned out in summary fashion. The life sciences, I should point out, are very close in all three options. And the only difference really there is that there is a little bit more research crew time available with option C because the crew is not doing as many EVA's and as much maintenance in option C during the year, and that frees them up for more of the life science, physiology work.

Initial on-orbit research is in 1997. Both options B and A were able to meet that goal with the power station. Early permanent presence, which was another goal for us—option C is the first one that allows people to stay up there all the time, and that is why they come out first there. Options A and then B are second and third.

Reduced programmatic risk was also one of our goals. As you can imagine, the newer the design the more the programmatic risk might be. And option B, then, has the least. Option C, which is the newest design and has the most development work to do out in front of it, comes in third there. Now, we have taken that into account in the costing of these options in the way we did the reserves and the assessments for program adjustments to allow for that extra development.

The second page is lower cost operations, which was another goal that we were shooting for. Here, option C shines in the operations area because, first of all, their synergy with the space shuttle program reduces the cost of the operations over time. But, also, they do not have as much overhead in the training because they have reduced the number of space walks, and the space walks are actually done by shuttle crews. There is very little space walk time in either assembling or maintaining the option C.

Reduced on-orbit assembly and shuttle launches. Option C has the fewest launches and the least amount of work to do in assembling it, again, using robotics and the EVA. Option A is next, and option B is third. Now, option A, we still have a lot of work to do in developing the procedures for putting option A together. It has the potential for being significantly less difficult to put together but

it also has less robotics, and so we have a lot of work to do to develop that.

REDUCED EVA

The EVA, again, means space walks. The numbers show that option C has much less EVA, option A somewhat less, and option B is less than *Freedom*. They have reduced it a little bit from the *Freedom* by reduction of some of the equipment.

Now, let me just summarize for you the international partners' comments. I will not go over their grading chart here. When we met with the international partners on Monday and gave our briefing, their conclusions were the following:

Options A and B are both acceptable from an international partner module accommodation and utilization point of view. However, taking into account the doubts associated with the robotics aspects and assembly and maintenance of option A, this option is considered to have a higher risk than option B. For option C, the loss of the essential role of the international partners modules renders this option unattractive with respect to their current contributions.

And what they are talking about there is that there is a tremendous amount of volume available in option C, and the internationals felt that adding more volume to that configuration was a reduction in their role as opposed to what their role is in space station *Freedom* where they have a higher percentage of the volume overall.

The technical and programmatic uncertainties of option C, according to the international partners, constitute a higher risk than the other options. So that was their summary from Monday.

And I think Bonnie can talk to you about the science and engineering, if you would like.

[The information follows:]

Option A-1

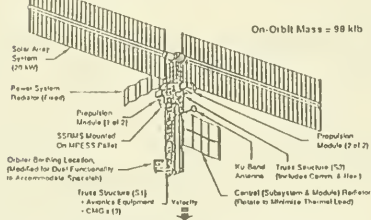
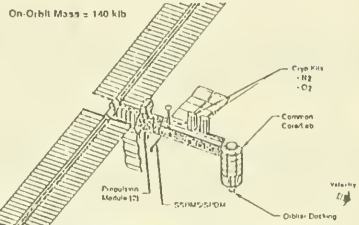
Verde
5

Velocity

Velocity

Value

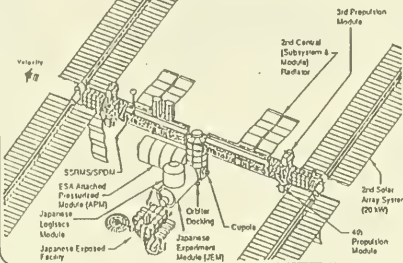
Option A-2

Power Station Configuration
20 kW 3 Assembly FlightsHuman Tended Capability
20 kW 4 Assembly Flights

International Human Tended Capability

40 kW 12 Assembly Flights

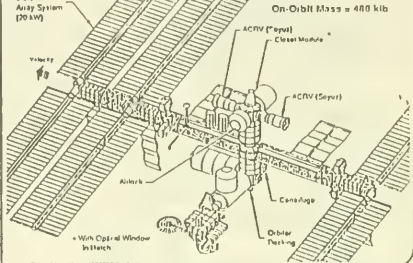
On-Orbit Mass = 354 klb



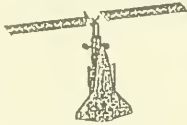
Permanent Human Capability

60 kW 16 Assembly Flights

On-Orbit Mass = 488 klb



Option B - Evolution



Power Station



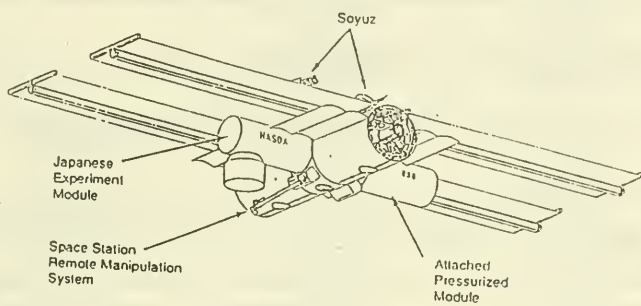
Human Tended Capability



International Human Tended Capability

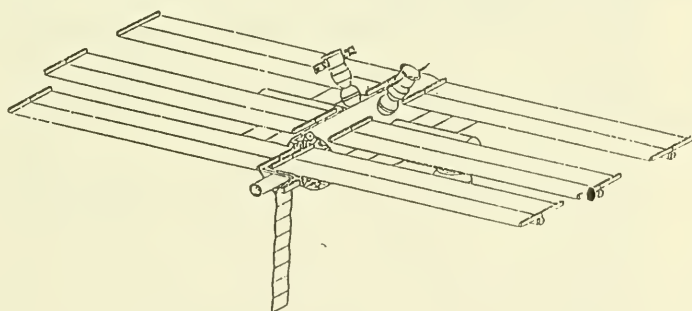


Permanent Human Capability



Option C with Internationals

STATION REDESIGN TEAM



Option C Permanent Human Capability

STATION REDESIGN TEAM

OPTION DEVELOPMENT PHASES

OPTION A (BUS-1)	OPTION B	OPTION C.
POWER STATION (PS) 1 SET OF SOLAR ARRAYS LABORATORY (SPACELAB) HABITATION (ORBITER) NO IP ELEMENTS	POWER STATION (PS) 1 SET OF SOLAR ARRAYS LABORATORY (SPACELAB) HABITATION (ORBITER) NO IP ELEMENTS	
HUMAN TENDED CAPABILITY (HTC) 1 SET OF SOLAR ARRAYS U.S. LABORATORY HABITATION (ORBITER) MSS/NO JEM OR APM	HUMAN TENDED CAPABILITY (HTC) 1 SET OF SOLAR ARRAYS U.S. LABORATORY HABITATION (ORBITER) MSS/NO JEM OR APM	PERMANENT HUMAN PRESENCE CAPABILITY (PHPC) 2 SETS OF SOLAR ARRAYS LABORATORY VOLUME HABITATION VOLUME MSS/NO JEM OR APM ACRV
INTERNATIONAL HUMAN TENDED CAPABILITY (HTC) 2 SETS OF SOLAR ARRAYS U.S. LABORATORY HABITATION (ORBITER) MSS/JEM/APM	INTERNATIONAL HUMAN TENDED CAPABILITY (HTC) 3 SETS OF SOLAR ARRAYS U.S. LABORATORY HABITATION (ORBITER) MSS/JEM/APM	INTERNATIONAL PERMANENT HUMAN PRESENCE (IPHP) 2 SETS OF SOLAR ARRAYS LABORATORY VOLUME HABITATION VOLUME MSS/JEM/APM ACRV
PERMANENT HUMAN CAPABILITY (PHC) 3 SETS OF SOLAR ARRAYS U.S. LABORATORY HABITATION MODULE MSS/JEM/APM ACRV	PERMANENT HUMAN CAPABILITY (PHC) 3 SETS OF SOLAR ARRAYS U.S. LABORATORY HABITATION MODULE MSS/JEM/APM ACRV	PERMANENT HUMAN CAPABILITY (PHC) 3 SETS OF SOLAR ARRAYS LABORATORY VOLUME HABITATION VOLUME MSS/JEM/APM ACRV

OPTION ASSEMBLY MANIFEST AT 20.0 DEGREE INCLINATION

Artifice	1991										1992										1993										1994										1995										1996										1997										1998										1999										2000										2001										2002										2003										2004										2005										2006										2007										2008										2009										2010										2011										2012										2013										2014										2015										2016										2017										2018										2019										2020																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											
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A	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000	1001	1002	1003	1004	1005	1006	1007	1008	1009	1010	1011	1012	1013	1014	1015	1016	1017	1018	1019	1020	1021	1022	1023	1024	1025	1026	1027	1028	1029	1030	1031	1032	1033	1034	1035	1036	1037	1038	1039	1040	1041	1042	1043	1044	1045	1046	1047	1048	1049	1050	1051	1052	1053	1054	1055	1056	1057	1058	1059	1060	1061	1062	1063	1064	1065	1066	1067	1068	1069	1070	1071	1072	1073	1074	1075	1076	1077	1078	1079	1080	1081	1082	1083	1084	1085	1086	1087	1088	1089	1090	1091	1092	1093	1094	1095	1096	1097	1098	1099	1100	1101	1102	1103	1104	1105	1106	1107	1108	1109	1110	1111	1112	1113	1114	1115	1116	1117	1118	1119	1120	1121	1122	1123	1124	1125	1126	1127	1128	1129	1130	1131	1132	1133	1134	1135	1136	1137	1138	1139	1140	1141	1142	1143	1144	1145	1146	1147	1148	1149	1150	1151	1152	1153	1154	1155	1156	1157	1158	1159	1160	1161	1162	1163	1164	1165	1166	1167	1168	1169	1170	1171	1172	1173	1174	1175	1176	1177	1178	1179	1180	1181	1182	1183	1184	1185	1186	1187	1188	1189	1190	1191	1192	1193	1194	1195	1196	1197	1198	1199	1200	1201	1202	1203	1204	1205	1206	1207	1208	1209	1210	1211	1212	1213	1214	1215	1216	1217	1218	1219	1220	1221	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SPACE STATION REDESIGN ACQUISITION STRATEGY

- NONCOMPETITIVE SELECTION OF A SINGLE PRIME CONTRACTOR/ INTEGRATOR FROM AMONG THE EXISTING HARDWARE DEVELOPMENT CONTRACTORS
 - STRENGTHENS THE CONTRACTOR'S INTEGRATION AND ACCOUNTABILITY RESPONSIBILITIES
 - COMPLEMENTS A REDEFINED NASA MANAGEMENT STRUCTURE
- REMAINING SPACE STATION PRIME CONTRACTORS AND SELECTED SUBCONTRACTORS WILL BE RETAINED AND ASSIGNED AS SUB- CONTRACTORS TO THE SINGLE PRIME CONTRACTOR/INTEGRATOR
- TERMINATIONS AND/OR DESCOPINGS OF SPACE STATION CONTRACTS WILL OCCUR IN EACH REDESIGN OPTION
 - INVOLVES LAYOFFS, PLANT CLOSINGS, AND CANCELLED SUBCONTRACTS, AS APPROPRIATE; MAGNITUDE DEPENDS ON SELECTED OPTION
- USE OF COST-PLUS-AWARD-FEE CONTRACT WITH FEE FOR INCENTIVE PERFORMANCE MILESTONES
 - PLACE INCREASED EMPHASIS ON SCHEDULE, COST, AND TECHNICAL PERFORMANCE
 - WILL ALLOW FOR BOTH POSITIVE AND TAKE-BACK FEES BASED ON MEETING ESTABLISHED PERFORMANCE REQUIREMENTS

Management & Procurement Cost Savings

- Substantial Savings Potential Exists from Improvements
 - Management: Eliminate Standalone Level II organization
 - Procurement: Single Prime with Overall Integration Role
 - Civil Service: Reduced Oversight, Accept accountability for functions -- support contractors eliminated or reduced to minimum
- Options A/B reflect 15% total savings
- Option C uses existing capabilities, adds at margin

OPERATIONS COST REDUCTION OVERVIEW

Category	% Operations Budget	Significant Reduction Areas	% Reduction Achieved
Mission and Payload Operations	35	• Reduced Team Sizing In Control Centers • Safe Mode Incorporated on Board • Reduce Planning Template to 12 Months • Reduces Number of Teams by Half • Facility Support Reduced to One Shift Safe Mode • Training Focus on Probability to Reduce Training Template • Consolidation of Facilities and Program Functions	38
Sustaining Engineering	18	• Single Contractor Tied to Lead Operations Center • Effort Sized to Support Operations • Modifications Limited to "Make Work" and Utilization Improvements - Establish Priority Driven Fixed Budget	65
Logistics	19	• Centralized Logistics at KSC • Sparring Strategy to Manage Risks	51
Ground Operations	07	• Eliminate Periodic Hardware Replacement-10 Year Program • Synergism With Shuttle	44
Management and Integration	21	• Small Program Office • Short Planning Template • Synergism With Shuttle Functions • Rescale Taxes & Reserves	66

POTENTIAL RUSSIAN PARTICIPATION



ASSETS

Launch Vehicles
 -Proton
 -Soyuz

ECLSS
 Soyuz TM
 MIR Utilization
 Docking Systems
 MIR Operations
 Progress
 Modules

POTENTIAL SPACE STATION USES

Dual Access

ECLSS
 ACRV
 Early Science/Payloads
 STS/Station
 Operational Concepts
 Logistics
 Habitability/Science

STATUS

Russians invited as consultants to discuss capabilities with SRT beginning on April 22, 1993

Billions of Dollars

Power Station Configuration

	Option A-1	Option A-2	Option B
Space Station Program	4.5	3.8	4.5
Shuttle Integration	0.4	0.4	0.3
Payloads & Early Flight Research	1.5	1.5	1.5
Total, FY 1994-1998	6.4	5.7	6.3
(Date Achieved)	Dec-97	Dec-97	Nov-97

	FY 1994	FY1995	FY 1996	FY 1997	FY 1998
Modular Bus-1 (A-1)	1.4	1.6	1.5	1.1	0.9
Modular SSF-derived (A-2)	1.2	1.3	1.3	1.1	0.8
Improved Freedom (B)	1.3	1.4	1.5	1.2	0.9

Through Human-Tended Configuration
Space Station Option Comparison

Billions of Dollars

FY 1994-1998 Funding

	Modular-Bus 1 Approach	Modular SSF-Derived	Improved Freedom
Space Station Program	9.2	8.7	9.3
Shuttle Integration	0.7	0.7	0.6
Payloads & Early Flight Research	1.5	1.5	1.5
Crew Rescue Vehicle	N/A	N/A	N/A
Total	11.4	10.9	11.4

Post-FY 1998 Funding

Program through HTC			0.3
Payloads and Other through HTC			0.1
Total through HTC	11.4	10.9	11.8
(Date Achieved)	Jul-98	Jul-98	Dec-98

	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998
Modular Bus-1 (A-1)	2.1	2.7	2.5	2.2	1.9
Modular SSF-derived (A-2)	2.0	2.4	2.3	2.2	2.0
Improved Freedom (B)	2.2	2.5	2.4	2.3	2.0

International Human-Tended Configuration					
Billions of Dollars					
	Option A-1	Option A-2	Option B		
Space Station Program	9.5	9.0	10.3		
Shuttle Integration	0.7	0.7	0.6		
Facilities	0.0	0.0	0.0		
Payloads & Early Flight Research	1.5	1.5	1.5		
Total, FY 1994-1998	11.8	11.3	12.4		
Additional Funding to Completion	2.14	2.16	4.03		
Total at International Human-Tended	13.89	13.42	16.40		
	Jan-00	Jan-00	Mar-01		
	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998
Modular Bus-1 (A-1)	2.2	2.7	2.6	2.3	2.0
Modular SSF-derived (A-2)	2.1	2.4	2.5	2.3	2.0
Improved Freedom (B)	2.3	2.6	2.8	2.6	2.2

Through Permanent Human Presence Space Station Option Comparison

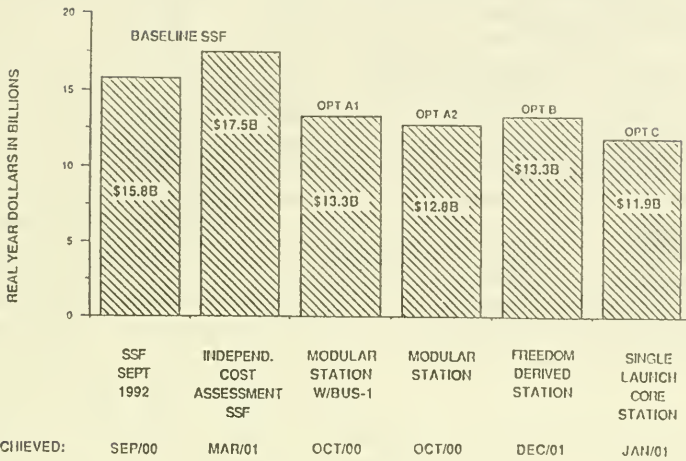
	Baseline Assessed	Modular-Bus 1 Approach	Modular SSF-Derived	Improved Freedom	Single Launch Core Station
FY 1994-1998 Funding					
Space Station Program	14.5	10.7	10.2	11.0	9.4
Shuttle Integration	0.4	0.7	0.7	0.6	0.6
Payloads & Early Flight Research	1.4	1.5	1.5	1.5	1.5
Crew Rescue Vehicle	1.2	0.3	0.3	0.2	0.4
Total FY 1994-1998	17.6	13.3	12.8	13.3	11.9
Post FY 1998 Funding					
Program through PHC	6.0	2.7	2.8	4.6	2.4
Payloads and Other through PHC	1.4	1.0	1.0	1.4	0.9
Total through PHC	25.1	17.0	16.5	19.3	15.2
(Date Achieved)	Mar. 2001	Oct. 2000	Oct. 2000	Decem. 2001	Jan. 2001

Annual Funding	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998
Independent Assessment	3.0	3.3	3.7	3.8	3.7
Modular-Bus-1 (A-1)	2.4	3.1	2.9	2.5	2.4
Modular-SSF Derived (A-2)	2.3	2.8	2.8	2.6	2.4
Improved Freedom (B)	2.3	2.6	2.9	2.8	2.7
Single Launch Core (C)	1.8	1.8	2.8	3.0	2.4

SPACE STATION REDESIGN

COST THROUGH PERMANENT HUMAN CAPABILITY

FY 1994 THROUGH FY 1998



KEY DIRECTION, CONSTRAINTS, AND OBJECTIVES FROM ADMINISTRATOR'S LETTER

DIRECTION/CONSTRAINT/OBJECTIVE:	FIRST	SECOND	THIRD
Meet the budget			
Any Configuration (A,B meet goal)	A*	B*	C
Assembly complete (none meets goal)	A	AC	B
High priority science			
Life Science	C	A/B	
Material Sciences	B	A	C
Engineering Research	B	A	C
Initial on-orbit research in 1997	B*	A*	C
Early permanent presence	C	A	B
Reduced Programmatic risk (development)	B	A	C

* Power Station only



KEY DIRECTION, CONSTRAINTS, AND OBJECTIVES FROM ADMINISTRATOR'S LETTER

<u>DIRECTION/CONSTRAINT/OBJECTIVE:</u>	<u>FIRST</u>	<u>SECOND</u>	<u>THIRD</u>
Lower cost operations	C	A/B	
Reduced on-orbit Assy/Shuttle launches	C	A	B
Reduced EVA	C	A	B
International Partners	B	A	C
Europe	A	B	C
Japan	A/B	C	
Canada	B	C	A
Italy	B	A/C	

LIFE SCIENCES

Senator MIKULSKI. Dr. Dunbar, would you clarify what they mean by "life sciences." I understand that one group of people uses life sciences to talk about all the excellent human physiology experiments necessary that would also be preparatory to a launch to even greater human space exploration. Then there are others who use the term "life science" to mean biomedical devices and products. And we are interested in both, if you could articulate that a little more. And then we will go to questions and answers.

Dr. DUNBAR. OK. I do have a scientific assessment chart that I would like to show in just a moment.

Senator MIKULSKI. Well, you would not be a real panelist if you did not have a chart, Dr. Dunbar. This is like a little rite of passage here. [Laughter.]

Dr. DUNBAR. Let me start by just giving some broad background here on what our group did and how it operated. We in the redesign team—myself, Dr. Mary Cleave, and Dr. Arnauld Nicogossian—worked with the outside research communities and with NASA advisory groups to start from ground zero, if you will, to establish what the research disciplines were since we were directed by Dr. Gibbons' letter to look at high-priority life sciences and materials research in the context of his memo, as well as engineering research. You will find in our report references to life sciences, because that is exactly what Dr. Gibbons used. But, in fact, it does cover both what we consider human physiology, biological sciences that have to deal with animals, plants and any life forms, cell biology as well.

We also interacted with our international partners, because we must remember that this community is an international research

community. It includes the Canadian Space Agency, NASDA from Japan, the European Space Agency, and, in fact, a separate piece of work from the Italian Space Agency. They are not only contributing hardware to the collective international laboratory, but they are providing hundreds of research projects and scientists, both from universities and from their industrial sector. I think it is interesting to note that the very discipline of gravitational biology is nearly 100 years old and, in fact, was developed in Germany.

There are many international conferences held around the world at the present time that look at life sciences, biology, materials sciences or microgravity sciences, biotechnology, combustion, and fluid physics. Some of these are the International Astronautics Federation, the ESA conferences that have been held every 2 years since the flight of Skylab, as a matter of fact, as well as U.S.-based conferences sponsored by the American Institute of Astronautics and Aeronautics and the Materials Research Society and so forth.

I am going to focus, though, on the U.S. researchers and the disciplines that were identified by our different advisory bodies. These advisory bodies I can supply to you. There are about eight different ones. They come from National—

Senator MIKULSKI. Right. And if you have a statement, we will put that in the record. But we would like to move on that and then get to the questions in about 5 minutes.

Dr. DUNBAR. I should note that in looking at the disciplines we came up with, within the two major disciplines, 25 different subdisciplines, which included different areas of biological and engineering research, as well as the microgravity sciences, materials, biotechnology, combustion and fluid physics. The researchers that we talked to spanned from coast to coast; from Stanford and Berkeley on the west coast to Yale on the east, from the University of Wisconsin down to the University of Alabama, Birmingham.

We discussed with them the requirements for a space orbiting laboratory. We discussed with them on an ongoing basis what the options could provide. I should emphasize that we did receive separate memos from the National Research Council regarding the—

Senator MIKULSKI. Doctor, we do not need the process. We want to get to the outcome.

Dr. DUNBAR. OK. Well, I think it is important—and I will get to the bottom line here—to understand how they assessed each of the options.

Senator MIKULSKI. I know a good scientist always gives methodology and footnotes, and we will include that.

Dr. DUNBAR. What we did as part of that process is, each time that we came up with an iteration on the options, that was faxed and Federal Expressed to our various advisory groups, to the researchers that are involved with the space station. We also evaluated each of the capabilities of the options, and then we held several telecons to discuss these capabilities as they related to the different sciences. Dee Lee I think has some hard copies for you.

Life sciences is a broad umbrella.

Senator MIKULSKI. Dr. Dunbar, could you hold on?

Dr. DUNBAR. Yes.

Senator MIKULSKI. We have another vote, but if you could zip through your testimony before the second bell, that means you

have about 5 minutes, and we will come back and go right to questions and answers.

Dr. DUNBAR. OK. To address one of Senator Feinstein's questions, a lot of our research in the area of life sciences or biological sciences do devote themselves to real Earth problems such as osteoporosis, which affects both astronauts and a large number of Americans, over a million Americans a year. And the combined study on both astronauts and with the medical community is leading to information on how that occurs. And it is, of course, about a \$7 to \$10 billion medical problem in this country, and we have been working with the community for nearly 15 to 20 years in that area.

But, in any case, we looked at each option and we gave it a five-point rating based only on the science capability, not on power and not on volume. But, if I had this particular laboratory up there, could I, in fact, do the research? It was determined that the option A and B stages, which stop only at the human-tended capability, which limited the missions to about 20 days and a few times a year, provided none of the longer term research in biotechnology and in biology and in some materials sciences that the permanent human presence could provide. And, in fact, it was only marginally better than being able to keep the space lab program going.

However, in terms of engineering research, just putting up the structure, doing some propulsion studies, doing structural studies, fluid management and so forth, that still gains engineering research information.

Option A, a permanent human presence capability, had a large capability for all of the biological and life sciences. It could do the microgravity science while it was in attitude. Option A has 15 different attitude changes a year so it only spends about 75 percent of its time in a given microgravity attitude, which would require some time lining of the experiments. Unfortunately, those attitude changes did affect some of the engineering research that looked at the effects of atomic oxygen, orbital debris, or the development of materials for other spacecraft. And that is an important part of engineering research. It is not only applied just to the station, but to developing many other orbiting satellites and platforms that we have.

Option B pretty much retained all of the capabilities as you see identified on the left for space station *Freedom*. We still have some limitations in sensor—in fact, I think it was recovered in sensor development.

Option C has some tradeoffs for both solar inertial and local vertical. Option C optimizes its power by putting itself in a solar inertial mode, which affects some of the materials science and fluid physics, and also some of the attached experiments for engineering research. It is able to support all of the biological sciences and it has a larger power capability. In the local vertical position, it does maintain the microgravity environment although the effects on what is called a gradual beta roll are unknown. It rolls about two to three degrees a day. That does also have an effect on some of the engineering research.

So I think what we found out of all of this is that there are trades. When one starts to build a laboratory that costs less money,

there are some trades. But, unanimously, and as a general consensus, the research communities felt that any of these options were worth putting up and would be viable laboratories, and that someone else would need to help make those trades on which area we would emphasize.

CANCER RESEARCH

Senator MIKULSKI. I think that was an excellent summary, and we will come back and ask more specific questions.

When I visited Houston with Governor Ann Richards, I guess about 18 months ago, I was so impressed with the cancer research where you can take tissue from a patient and kind of grow that tissue in space, which has defied science over the years, and then be able to test different treatment therapies in space for that specific patient with their God-given signature cells. And so we are not talking about "Jurassic Park" here. We are talking about real breakthroughs that could save lives and a variety of cancers, particularly like brain cancer where testing different modalities is so intrusive. Am I right, Dr. Dunbar?

Dr. DUNBAR. You definitely are. I should note that in the life sciences area alone, the space research has resulted in about 700 papers per year and, in the last decade, over 7,000. And in the area that you just spoke of, the "Journal of Cellular Biochemistry" has devoted an entire volume to the microgravity effects on the growth and differentiation of cells.

Senator MIKULSKI. Yes; that is the bioreactor.

Dr. DUNBAR. That is right.

Senator BOND. Madam Chair, we will look forward to reading that and understanding that very clearly. I am sure that this would be something we can both take home and read.

Senator MIKULSKI. Well, Senator Bond, you need to know you cannot participate in the markup until we all pass a quiz. [Laughter.]

Senator BOND. If you are grading the paper, Madam Chair, I will take my chances.

Senator MIKULSKI. The subcommittee will stand in recess subject to our return from the vote. And then we will move directly to questions and answers for both Dr. Goldin and the other panelists. Thank you.

I want to thank Mister, soon to be Doctor, O'Connor.

Mr. GOLDIN. Colonel; Colonel now.

Senator MIKULSKI. Colonel. Well, that is even tougher.

Senator BOND. Madam Chair, I am not going to be able to return. I appreciate the testimony. I will be submitting questions for the record. Thank you.

Senator MIKULSKI. Thank you.

[A brief recess was taken.]

Senator MIKULSKI. The subcommittee will reconvene, please. We want to thank the panelists and apologize. As you know, we cannot estimate votes.

I know that other colleagues have a very keen interest both in NASA and the outcome of the space station decision. They will have additional questions to submit for the record. I am going to ask, Mr. Goldin that, as appropriate—we are going to poll the Sen-

ators and their staff to see if they need an additional conversation to understand, because this is a highly technical question with high stakes for our Government and our country's future. They might want another kind of workshop conversation to go over those charts and truly to master this so that, as the debate unfolds, they will understand all of the content issues.

I have a quick question about process. Mr. Goldin, you have sent the review team's request to the White House. Now, what are the next steps?

Mr. GOLDIN. I can tell you what I do know. Today, Dr. Vest will be submitting his report to the White House and NASA will be submitting the redesign report to the White House sometime after this hearing. I have to go back and sign the cover letter. But the formal report goes in today. It was due today. The White House will then make the reports available to the Members of Congress. The actual process from this point on I am not certain of. And Dr. Gibbons, I believe, has the lead for the White House in terms of the decision-making process.

INTERNATIONAL PARTNERS

Senator MIKULSKI. I understand. Dr. Gibbons does have the lead, and we expect to be talking with him and the Vice President and the President as this unfolds. My questions will focus on the impact of the redesign on jobs, cost estimates, and the early science capability. But I want to ask a question before I do that about our international partners.

Following both the technical press and what would be regarded as the popular press, they are very apprehensive about this process. They have made major investments. Many of their own economies are going through difficult reassessments. And I wonder. I read in Space News that you are going to be talking with them next week. Is that right, or have you concluded your conversations?

Mr. GOLDIN. I met with them. I met with the leaders of all the space agencies. In fact, it was the first time all four of us got together in a room in as long as anyone could remember. We had a very, very good discussion. It was last Friday. That was the meeting that I think you were referring to.

Senator MIKULSKI. And will there be subsequent meetings with them? Did they have a conclusion, or was that to express their concern?

Mr. GOLDIN. No; it was a meeting to discuss the issues, and they made input into the redesign report that Bryan O'Connor is submitting forward. And I might point out that our international partners have memberships on the blue ribbon panel and they are providing a section in the blue ribbon panel report as an input. Then, on Friday of this week, there is an international coordination meeting being hosted by the State Department where there will be discussions on this issue also. That is a state lead.

Senator MIKULSKI. What is their design preference?

Mr. GOLDIN. I can give you the sense that I have.

Senator MIKULSKI. Yes.

Mr. GOLDIN. The sense that they have is, to varying degrees, they felt that they could live with options A and B, although they did point out that there were concerns that they had relative to

changing interfaces; that the data system change and it could cause some changes for them. The Canadians, on options A and B had the biggest concern because, as you may not be aware, in the last redesign process, in order to fund the cost impact that the Canadians had, they had to reach out into future funding years to cover the costs that they had to change the design because their total costs are fixed. So they have great concern about any impact to their part of the program.

And in all cases, the international partners indicated that their total budgets were fixed and if they had to make development changes they would have to trade reduced long-term operating costs.

Senator MIKULSKI. I understand. But what option did they prefer?

Mr. GOLDIN. The sense I had was that they preferred, to varying degrees, options A and B. Some partners even preferred option A over B but it was central around A and B, and all three partners indicated a discomfort with C.

Senator MIKULSKI. Well, of course, in the redesign chart, it suggested that both Japan and Europeans preferred option A. But, as I understand it, before the Vest Committee, Europe, Japan, and Canada said that they prefer option B because it offers essentially the same interfaces and capabilities as the current space station.

Mr. GOLDIN. To read to you the conclusions that they said in front of the advisory committee, "Options A and B are both acceptable from an international partner module accommodation and utilization point of view." And they did put one "however" on it. "However, taking into account the doubts associated with the robotics aspects of the assembly and maintenance of option A, this option is considered to have a higher risk than option B."

And then they said, "Furthermore, for option C, the loss of the essential role of the international partners' modules renders this option unattractive with respect to their current contributions. The technical and programmatic uncertainties of option C constitute a higher risk than the other options." That was their summary conclusion, Madam Chair.

COST COMPARISONS BETWEEN THE OPTIONS

Senator MIKULSKI. Thank you. Well, I felt that was an important issue to get on the record. As Senator Gramm and I said, it had to have the support of international partners, it had to be at a cost that was affordable and do significant science.

Let us now go to the cost issues. I would like to be sure that we have a real clear record on the cost differences between options A, B, and C. Each of the redesign options come with different price tags. I am concerned about the assumptions that went into determining these options and that these assumptions were not consistent.

Do these cost figures—and any one of the panelists can orchestrate it. Do these cost figures that have been presented each represent apples to apples comparison?

Mr. GOLDIN. Madam Chair, I would like to request that Mal Peterson, who headed up the costing, answer that question.

Senator MIKULSKI. Certainly.

Mr. PETERSON. To the extent possible, and the answer is they are normalized to the same set of assumptions. Each has 10 years' worth of operations. Each has the same level of payload investment. Their differences rest in the number of shuttle flights, the length of time it takes them to get to the permanent human capability configuration, and, of course, there are the differences in hardware costs and reserve levels. They all use the same management structure. There are differences, of course, between options A and B, and that for C because just of the character change between C being more heavily imbedded in the shuttle infrastructure.

Senator MIKULSKI. Well, the committee received a memo—this is not an entrapment here. This is really to get at the costs. The subcommittee has a copy of a memo dated June 9 from NASA's Chief Engineer, Michael Griffin, that I believe they sent to you, Colonel O'Connor. And the memo contends that, in fact, the cost comparison for the three design options is not apples to apples, furthermore, that option B has requirements that it causes it to carry an additional, and maybe even arbitrary, \$3 billion more cost than option C; \$2 billion of this cost is related to the number of shuttle utilization or dedicated science flights during the man-tended phase of the station, and \$1 billion is for the reserve added for on-orbit assembly schedule.

And if you factor out these changes, option B is only 7 percent more expensive to complete than C, rather than that 27 percent that seemed to be so in the charts. Do you want to comment on that?

Colonel O'CONNOR. Yes, ma'am. As I mentioned when I showed you the schedules, the manifest, the option B team derived their schedule exactly the same way that the space station *Freedom* is doing theirs where they are trying to maximize the science that they are doing during assembly. And they used the same congressionally mandated three utilization flights per year during the assembly of option B, as the *Freedom* does.

Now, you could say that is an arbitrary decision. It was not a requirement that we had in our study to do it that way. As I mentioned, if you take that utilization policy away, then they actually finish earlier, and there would be an adjustment in the cost.

Senator MIKULSKI. Senator Burns has a list of questions that he wants to have submitted to you, Mr. Goldin. They will be submitted to you.

Would you repeat that last part? I was distracted.

Colonel O'CONNOR. Yes, ma'am. The option B team derived from space station *Freedom*, and they used exactly the same philosophy in assembling their space station as *Freedom* does, and used the congressionally mandated requirement of three utilization flights per year while they were assembling.

Now, all of us were trying to continue doing science as we built each of these three options. In some cases, the science is being done on shuttle missions.

Senator MIKULSKI. Colonel, I am a little lost. Did, in fact, option B, as indicated by the agency's Chief Engineer, have to carry these \$3 billion costs? In fact, has option B had to carry an additional cost of \$2 billion related to the number of shuttle utilizations, and

has it had to carry a \$1 billion for reserve added on for on-orbit assembly that neither A nor C had to?

Colonel O'CONNOR. The answer is, "No."

Senator MIKULSKI. Well, how would you comment on this memo? And I am not holding it up to—are you familiar with this memo?

Colonel O'CONNOR. The memo just states for the record that there was a difference in the way those two assemblies were put together. There was no requirement by our team to do it that way. They just chose to do it that way. And that is why we have to be careful when be brief this, that there is an apples and oranges distinction there only when you are talking about what it costs to get the final stage—to the permanent human presence. What we were focusing on was 1994 to 1998. And, in fact, it does bring the cost down a little bit for them during that timeframe to do this sort of a schedule. So it is only when you are looking at that final—

COMMITMENT TO SCIENCE ACTIVITY

Senator MIKULSKI. Colonel, did all three options live by the same commitment to early science activity?

Colonel O'CONNOR. Yes, ma'am; but in a different way. Option A had some utilization flights and they also made some of their assembly flights where they were outfitting the laboratory and the habitation module—they made those flights last longer so they could do science on those flights. So there is science going on during their assembly as well.

The number of dedicated utilization flights is less for option A, partly because it only takes them 13 flights to build it in the first place, but partly because they are integrating some of their science into these outfitting flights and mixing them up.

Senator MIKULSKI. Well, when I look at the charts and read the memo, option A has about one-half of the early science than B does. And the whole idea of what we are doing is that science does begin as early as it could.

Colonel O'CONNOR. Well, we have some hidden science in option A. Some of the flights that have A's by them in option A where they are outfitting the labs—the way they designed their manifest was they allowed those flights to stay up there for a long time and they would transfer the racks and then do science the rest of their visit. It was just a different approach to the same thing.

And option C is really a different category. They do not really have the same idea of utilization flights as the others because they have become permanently crewed so early that they are doing their science on the station just by the nature of that design.

So it is three different approaches to the utilization, and it is a subtlety that does lead to a difference in the total cost at the end. And that is why I mentioned that when I was briefing this earlier.

Senator MIKULSKI. Well, I have to review the material. I mean, these are very technical things to be going through with a question and answer. But the memo that I am reading—and I understand your explanation, but I really need to go back and then I think we are going to need amplification of this, because the Chief Engineer's memo raises a serious concern to us. Every time we turn around, there are different bar graphs that tell us different things. One is what is the civilian cost.

So we are trying to get at the real cost; the real total cost with apples to apples comparison, Mr. Goldin. And cost alone will not be the determining factor, but it does help us determine those options that will be the most sustainable through a multiyear process.

Because I would hope, and I know all of NASA and all who interact on space station *Freedom* want this to be the last kind of conversation. If I had my way, whatever the decision, I would like it to then be a multiyear funding. I would like to be able to do that. So that is why we are trying to get at the total cost with apples to apples. When we get a memo, it then gives us pause about whether we are doing that. Did you want to comment on that?

Mr. GOLDIN. I wanted to say one thing and then Mal might want to say something. I would like to say not maybe the last. This has to be the last. If we have to go through another redesign of the space station, I do not know that the agency could withstand another exercise like this. This has been an incredibly stressful exercise. The key word you said was multiyear funding. By the way, our international partners made a recommendation on the subject of multiyear funding and I just wanted to amplify that.

Mal, did you want to say something?

Mr. PETERSON. Madam Chair, I just wanted to let you know that I received Mike Griffin's memo yesterday as well and, after reading it, went to his office and told him how strenuously I objected to the characterization in that memo. First, I think it is incorrect. And I can speak for a fact that the numbers in there are incorrect. But I will be glad to discuss it with you and your staff and any other staff members.

COST/TECHNICAL ISSUES

Senator MIKULSKI. Well, we would welcome that. As I said, we are really just trying to get the real cost and so on. But you could understand, if we get a memo like this, we have to raise the issues.

The other is we also understand that there are some other dissenting opinions out there. Are there other discrepancies on cost or technical issues and dissenting opinions about them that exist among the respective team leaders on the three design options?

Mr. GOLDIN. Let me answer this in the broadest sense and then ask Mal and Bryan to say something.

Senator MIKULSKI. I just want to be real clear, Mr. Goldin. We are not trying to catch anybody. Just like in Congress, on a committee report we have minority views and we have a majority view. That is called America and that is how we are going to try to flesh all this out.

Mr. GOLDIN. I want to come back and I want to talk about the process, if you would allow me, for 2 or 3 minutes because it is very important that you understand the process.

As NASA has done redesigns and costing in previous times, those responsible for the program had done the redesign and done the costing by themselves. There was not any blue ribbon panel nor was there any basic independent assessment team by the Comptroller's Office of the exercise.

This process started with an exercise from the Comptroller's Office where they did an independent cost assessment of the baseline

budget. That report was submitted to me and we passed it along to the Congress and I accepted that report as written without changing one word.

We then set up the process for the development of the space station costs. We had advocates for configurations A, B, and C; Pete Priest for A, Mike Griffin for B, and Chet Vaughan for C. They developed the designs. They developed the cost inputs. But to assure balance in the process, I had requested of Bryan and Mal that the NASA cost analysis team take those inputs and apply a uniform set of standards across those inputs and price them out. And then I said to them, "When you get all done—because we do not want to come back here—make sure that we have a set of reserves. Go out to the industry and go to other Government agencies and solicit their inputs."

I personally met with members of industry and encouraged them to tell us how do you put reserves on a program for something that is existing hardware, some things that are PDR, CDR, something that is a new design.

These gentlemen and their team developed a set of standards that I asked them to do and that is the only thing I asked them to do. And then when they got all done I said, "After you make all the corrections to the budgets and schedules, what I would like you to do is, on each one of the programs add a 6-month reserve that is owned by the program so that we know it is costed and it is there, because problems do occur and we do not want to go back to the Congress under any conditions." They did that.

And then, on top of that, the Vice President appointed a blue ribbon panel that has a cost analysis team, an engineering team, a management team, and a science team that is evaluating it. And I ask you to take a look at their report when it comes out today to see if it balances with what we are saying.

Senator MIKULSKI. We will. And, also, we do not want to ensue arguments here. I have not subpoenaed anybody. I am not asking anybody to take an oath. We are trying to conduct this hearing with candor and good manners and so on. But we are interested if there are minority views, not to sabotage the process. We believe that it enhances the process when we have these conversations. I know the chief engineer is here. We could bring him up and ask the colonel to leave and have a debate. But that is not what we are trying to do. What we want to do is read the report and then come back with you and your team to have those conversations, just like we welcomed your comments. So that is where we are.

So, therefore, I am requesting that if there are written documents of minority views we would like to see them.

Now, I have other questions.

But, Senator Feinstein, do you have some questions?

OPTION PREFERENCE

Senator FEINSTEIN. Yes; I do. And I hope these are not redundant, but between another committee call and two votes I have gotten a little disjointed here. Let me ask my questions. Which option is NASA's preference and why?

Mr. GOLDIN. NASA has no preference. We believe that it is inappropriate for NASA to select a design. It will take away from the

prerogatives of the President of the United States. So we will not recommend any specific design.

SCIENTIFIC OPTION

Senator FEINSTEIN. Which option has the largest scientific payload?

Mr. GOLDIN. In terms of capacity, you could fit more racks into option C than you can into the others. In terms of orientation of the vehicle and available power, option B has a better power level. It has a better scientific availability capability. It has a better Earth-viewing capability.

Senator FEINSTEIN. What does orientation of the vehicle mean?

Mr. GOLDIN. There are different flight modes that one has.

Senator FEINSTEIN. Oh, this is with the Sun?

Mr. GOLDIN. Relative to the planet Earth, option B flies in a constant configuration so whenever you look down, down is down and up is up.

Senator MIKULSKI. Mr. Goldin and I are laughing. I asked those kinds of questions, too, Senator Feinstein. I thought orientation meant an attitude.

Mr. GOLDIN. And what happens with option C, because in order to get maximum power and the solar arrays cannot move relative to the vehicle, you have to rotate the whole vehicle, and as a result, down is not always down and up is not always up in the most simplistic terms.

Senator FEINSTEIN. So if I understand it; option C for capacity and B for orientation of vehicle and power.

Mr. GOLDIN. Yes.

OPTION CAPACITY

Senator FEINSTEIN. Could I just talk about the capacity for a minute? When you say "capacity," how much increased capacity is C?

Mr. GOLDIN. I believe the answer is C has a capacity for 40 scientific racks for the United States versus 9 for A and 14 for B.

Do you have the exact number, Bryan?

Senator FEINSTEIN. Forty scientific racks—nine for option A.

Senator MIKULSKI. We are not talking about a rack. You are talking about a box; are you not?

Mr. GOLDIN. I am talking about the holder of the scientific equipment. We call that a rack. It has a standard size.

Bonnie, do you want to help me with the exact numbers?

Colonel O'CONNOR. I have got the numbers here.

Senator MIKULSKI. But a rack is bigger than what is used in normal conversation. To us a rack is usually a small, 6-inch—

Senator FEINSTEIN. I think I understand what they are talking about.

Dr. DUNBAR. A rack is about 1 cubic meter. It is similar to a spacelab. Kind of a filing cabinet; larger than that. A complement of experiments. And, within the baseline *Freedom*, the United States lab has at final completion 13 of those, but the United States owns a portion of that in both the Japanese experiment module and that in the European module. We have access of about

5 in the JAM, the Japanese module, and about 10 in the European module. So that is 28 in those three configurations.

Senator FEINSTEIN. So for America it is 40 racks in option A; it is——

Colonel O'CONNOR. Forty in C.

Senator FEINSTEIN. Excuse me, 40 racks in C and 9 in A. And how many in B?

Dr. DUNBAR. Option B would have 28, but A——

Mr. GOLDIN. No, no, no; American racks.

Dr. DUNBAR. Yes.

Mr. GOLDIN. No; excluding the internationals.

Colonel O'CONNOR. Before the internationals come on board.

Dr. DUNBAR. You are talking about before we put the internationals?

Senator FEINSTEIN. Yes; before.

Colonel O'CONNOR. Yes; it is 40 for option C. Option B has 13 racks that are dedicated to the user, and that is in the final configuration but before the internationals.

Senator FEINSTEIN. OK. And A has nine?

Colonel O'CONNOR. Option A has nine.

Senator FEINSTEIN. OK. Now put in the internationals and then what is the payload there?

Colonel O'CONNOR. With the internationals on board, option A has 23 U.S. racks, option B has 28 U.S. racks, and option C has 54 U.S. racks.

Senator FEINSTEIN. So, clearly, the biggest payload in terms of carrying capacity there is C; is that right?

Colonel O'CONNOR. Yes, ma'am.

PAYLOAD VERSUS COST

Senator FEINSTEIN. Overall; OK.

When you consider payload versus cost, which option becomes the most cost effective? Payload versus cost.

Colonel O'CONNOR. Well, if you are talking about the payload that we just talked about, option C——

Senator FEINSTEIN. It may be other things besides racks.

Colonel O'CONNOR. OK. Because there are other issues besides just the amount of racks.

Senator FEINSTEIN. Include everything. What has the greatest payload versus cost?

Colonel O'CONNOR. I do not think we have actually gone through that exercise.

Senator FEINSTEIN. I would like to ask that you do and get that information to me.

Mr. GOLDIN. We will do that. That is a good question.

[The information follows:]

The value of a space station as a laboratory depends upon more than volume, just as is true for ground based laboratories. For example, other critical contributors to value include 1) having the appropriate "microgravity" environment to conduct the research; 2) enough power to run the experiments; 3) enough time "on orbit" to complete the experiment or to conduct a series of experiments; 4) enough crew time to conduct the experiments; and, 5) enough computers and recording devices to collect the data.

These value contributors may be divided into two categories: (1) capability measures and research requirements.

Capability measures are listed in Attachment 1. Research requirements must be met for any one experiment to be successful (e.g. microgravity environment, constant pointing direction for Earth experiments). Attachment 2 compares the absolute research capabilities of each option evaluated for the redesigned Space Station assuming unlimited volume and power. As might be expected, Option B, a derivative of Space Station Freedom, provides the best overall research capability (concluded by both the Station Redesign Team and the Vest Committee). All three options provide for life science/biological/medical research but only option B retains the best microgravity environment with more power and US volume. This capability was achieved through retention of solar array gimbals which were deleted in the other options for reasons of cost. (Deletion of the gimbals requires that the entire station move in order to point the solar arrays at the sun.)

Most experiments require electrical power; the maximum power is required for electronic semiconductor device furnaces and the large biological centrifuge. Each of the international partners has furnaces that may require approximately 6 kilowatts (6000 watts). These furnaces may require 1 to 3 "racks" (each rack is about 1 cubic meter or about two five-drawer legal file cabinets next to one another). Total capability, then, would include the total minimum power and volume available so that many experiments in all laboratories may be conducted simultaneously.

Attachment 3 illustrates the top level capabilities of each option at its various "stopping" points. Note that only the Permanent Human Presence Options provide the best opportunity for conducting all research for all partners, including biological and medical research related to osteoporosis, ovarian cancer, etc.

Attachment 4 shows the 10 year lifetime relationship between time and crew hours, power, and volume. Option C shows two average levels for power because of the difference between always pointing the arrays at the sun (solar inertial) as the station orbits the earth and constantly pointing a side at the Earth (local vertical, like the moon). Because local vertical is a better microgravity research environment (electronic materials research in all international partner laboratories) and because of the need to point certain external experiments at the Earth or other constant directions (earth sciences, and engineering research), the station would operate at the lower level for 6 months of the year.

Ultimately, the productivity of a station will be measured by several factors, including the number of experiments which can be conducted on an annual basis. This is dependent upon crew time, microgravity environment, power, volume, etc. Assuming that adequate crew time is available and that the environment is correct, productivity can be measured by the number of powered experiments which can be powered concurrently: annual hours times the minimum (versus average) guaranteed power available (kilowatts). The more continuous kilowatt-hours available for research, the more experiments may be conducted. Attachment 5 compares some of these attributes.

REQUIREMENTS AND CAPABILITY MEASURES

Research Requirements:

Measurable Microgravity Levels
 CO₂ concentrations
 Orbital Research Duration
 Availability of crewmembers
 Methods to capture data (e.g., video, downlink, storage, etc.)
 Stable pointing for externally attached payloads
 Experiment resources for facilities (e.g., power, venting, etc.)
 Well Trained Crewmembers

Capability and Productivity Measures:

Total Crew Research Hours/Year
 Total Number of Users
 Total Power
 Total Volume/Time User Racks are active
 Total data generation and storage capability
 Logistical flexibility and frequency (late and early access for powered perishable payloads and resupply; use of the Express Rack)

Attachment 1

SPACE STATION OPTION RATING BY RESEARCH DISCIPLINE

Discipline	SSF at PHC	Option A		Option B		Option C	
		HTC	PHC	HTC	PHC	PHC Solar Inertial	PHC Local Vertical
Scientific & Commercial Microgravity							
Biotechnology							
Protein Crystal Growth (c)	3	3	3	3	3	3	3
Cell Tissue (c)	3	3	3	3	3	3	3
Materials Science							
Electronic & Photonic Materials (d)	3	3/1 (a)	3	3/1 (a)	3	1	3
Metals & Alloys (d)	3	3/1 (a)	3	3/1 (a)	3	2	3
Glasses & Ceramics (d)	3	3/1 (a)	3	3/1 (a)	3	2	3
Fluids	3	3	3	3	3	2	3
Combustion	3	3	3	3	3	2	3
Life Sciences							
Grav. Bg. (short term) (a)	3	3	3	3	3	3	3
Grav. Bg. (long term) (a)	3 (b)	0	3 (b)	0	3 (b)	3 (b)	3 (b)
Human Physiology (short term) (a)	3	3	3	3	3	3	3
Human Physiology (long term) (a)	3	0	3	0	3	3	3
Radiation Biology (short term) (a)	3	3	3	3	3	3	3
Radiation Biology (long term) (a)	3	0	3	0	3	3	3
Controlled Ecological Life Support (a)	3	0	3	0	3	3	3
Environmental Health (short term)	3	3	3	3	3	3	3
Environmental Health (long term)	3	0	3	0	3	3	3
Operational Medicine (short term)	3	3	3	3	3	3	3
Operational Medicine (long term)	3	1	3	1	3	3	3
Human Factors (short term) (a)	3	3	3	3	3	3	3
Human Factors (long term) (a)	3	0	3	0	3	3	3
Ecobiology (short term)	3	3	3	3	3	3	3
Ecobiology (long term)	3	0	3	0	3	3	3
Engineering Research							
Biophysics	3	3	3	3	3	3	3
Envir. Effects (atomic)	3	1	1	3	3	1	3
Envir. Effects (orbital debris)	3	1	1	3	3	1	3
Structures	3	3	3	3	3	1 (a)	1 (a)
Communications & Information Systems	3	3	3	3	3	3	3
Propulsion	3	3	3	3	3	3	3
Fluid Management	3	3	3	3	3	3	3
Human Support	3	3	3	3	3	3	3
Space Science							
Solar Development	1	1	1	1	3	3	3
Atmospheric Science	3	1	1	3	3	1	1/3 (f)
Earth Observing Science	3	0	0	3	3	0	3

Scale: 0 to 3

- 0 no capability
 1 significantly degraded capability
 2 degraded capability
 3 meets minimum guidelines capability
 4 enhanced guidelines capability
 5 significantly enhanced guidelines capability

(Notes:

- (a) Requires normoxic and 0.3% CO₂
 (b) Requires Centrifuge/Habitat Holding Facilities
 (c) Requires approximately 30-day increments with stable microgravity environment
 (d) HTC ground-tended cps assumed
 (e) Large truss structure unavailable
 (f) LV-to-LV y altitudes
 (g) Utilization flight/ground landed
 (h) Affect of gradual beta related roll unknown

Attachment 2

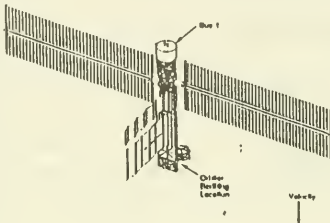
User Parameters at Each Step

for

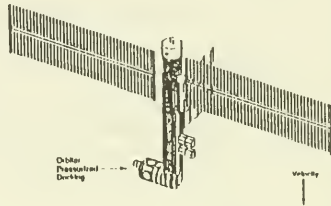
Options A-1, A-2, B and C

Code USS
June 15, 1993

Attachment 3

Option A-1
Assumes Stopping At Each Stage

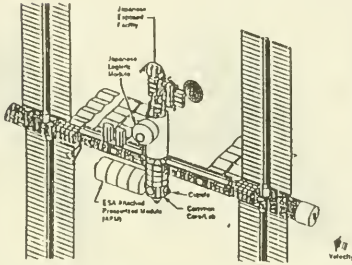
Power available to users: 3.4 kW (limited by Spacelab)
 Volume available to users: 8 Spacelab racks
 Research hours per year: 1920
 Microgravity: 7 racks < 1µg
 6 racks < 2µg
 Limited to 20-30 day stays
 Meets PDID¹ requirements: No (< 30 day research periods)

Power Station Configuration
No Long-Duration Research

Power available to users: 7 kW *2.4 min*
 Volume available to users: 9 racks
 Research hours per year: 1920
 Microgravity: 5
 9 racks < 1µg without Orbiter
 0 racks < 1µg with Orbiter
 9 racks < 2µg without Orbiter
 0 racks < 2µg with Orbiter
 Limited to 20-30 day stays
 Meets PDID¹ requirements: No (< 30 day research periods)

Human-Tended Capability
No Long-Duration Research¹ SSP 30 000 Program Definition Requirements Document for microgravity² U.S. Share of services = 71.4%, Japanese share of services = 12.8%, ESA share of services = 12.8%, Canadian share of services = 3%³ CAN be configured to give best environment without orbiter or with orbiter

Option A-1 Assumes Stopping At Each Stage



Power available to all users: 18 kW Average
 Volume available to users: 39 racks
 Research hours per year: 1920
 Microgravity: 29 racks < 1µg without Orbiter
 0 racks < 1µg with Orbiter
 39 racks < 2µg without Orbiter
 14 racks < 2µg with Orbiter

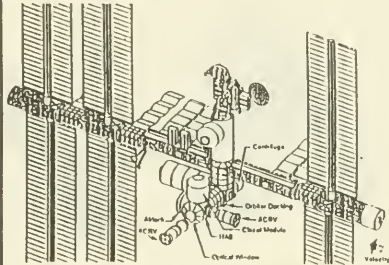
Limited to 20 30 day stays

Meets PDND¹ requirements: No (< 30 day research periods)

International Human Tended Capability No Long-Duration Research

¹ SSP 30 000 Program Definition Requirements Document For microgravity

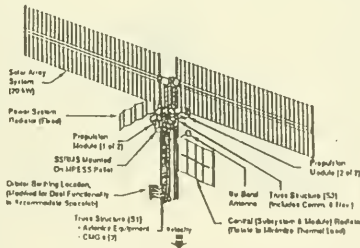
² U.S. Share of services = 71.4%, Japanese share of services = 12.6%, ESA share of services = 12.8%, Canadian share of services = 3%



Power available to users: 31 kW Average;
 19 kW minimum guaranteed
 (166,440 kWh/yr)
 Volume available to users: 39 racks
 Research hours per year: 4160
 Microgravity: 8 racks < 1µg
 36 racks < 2µg
 Meets PDND¹ requirements: 75% of the year

Permanent Human Capability

Option A-2 Assumes Stopping At Each Stage

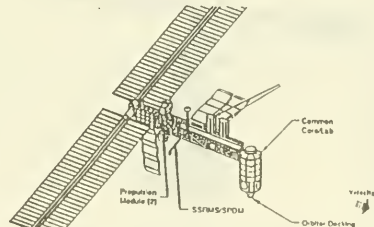


Power available to users: 3.4 kW (limited by Spacelab)
 Volume available to users: 8 Spacelab racks
 Research hours per year: 1920
 Microgravity: 7 racks < 1µg
 8 racks < 2µg
 Limited to 20 30 day stays
 Meets PDND¹ requirements: No (< 30 day research periods)

Power Station Configuration No Long-Duration Research

¹ SSP 30 000 Program Definition Requirements Document For microgravity

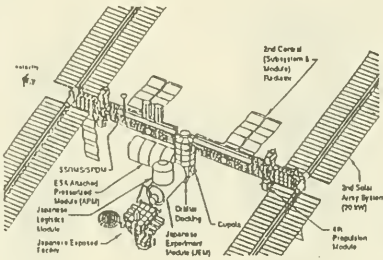
² U.S. Share of services = 71.4%, Japanese share of services = 12.6%, ESA share of services = 12.8%, Canadian share of services = 3%



Power available to users: 7 kW Average
 Volume available to users: 9 racks
 Research hours per year: 1920
 Microgravity: 9 racks < 1µg without Orbiter
 0 racks < 1µg with Orbiter
 9 racks < 2µg without Orbiter
 0 racks < 2µg with Orbiter
 Limited to 20 30 day stays
 Meets PDND¹ requirements: No (< 30 day research periods)

Human-Tended Capability No Long-Duration Research

Option A-2 Assumes Stopping At Each Stage



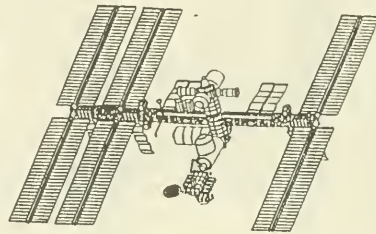
Power available to all users: 18 kW
 Volume available to users: 39 racks
 Research hours per year: 1920
 Microgravity: 29 racks < 1µg without Orbiter
 0 racks < 1µg with Orbiter
 39 racks < 2µg without Orbiter
 14 racks < 2µg with Orbiter

Limited to 20-30 day stays
 Meets PDND¹ requirements: No (< 30 day research periods)

International Human Tended Capability No Long-Duration Research

¹ SSP 30 000 Program Definition Requirements Document for microgravity research

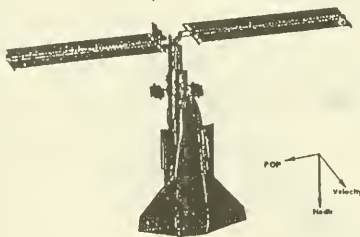
² U.S. Share of services = 71.4%, Japanese share of services = 12.8%, ESA share of services = 12.8%, Canadian share of services = 3%



Power available to users: 31 kW Average,
 19 kW minimum guaranteed
 (166,440 kWh/yr)
 Volume available to users: 39 racks
 Research hours per year: 4160
 Microgravity: 8 racks < 1µg
 36 racks < 2µg

Meets PDND¹ requirements: 75% of the year

Permanent Human Capability



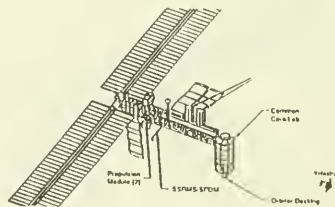
Power available to users: 3.4 kW (limited by Spacelab)
 Volume available to users: 8 Spacelab racks
 Research hours per year: 1920
 Microgravity: 4 racks < 1µg
 8 racks < 2µg

Limited to 20-30 day stays
 Meets PDND¹ requirements: No (< 30 day research periods)

Power Station Configuration No Long-Duration Research

¹ SSP 30 000 Program Definition Requirements Document for microgravity research

² U.S. Share of services = 71.4%, Japanese share of services = 12.8%, ESA share of services = 12.8%, Canadian share of services = 3%

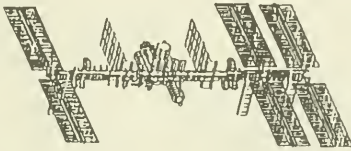


Power available to users: 8.5 kW
 Volume available to users: 16 racks
 Research hours per year: 1920
 Microgravity: 0 racks < 1µg without Orbiter
 16 racks < 1µg with Orbiter
 10 racks < 2µg without Orbiter
 16 racks < 2µg with Orbiter

Limited to 20-30 day stays
 Meets PDND¹ requirements: No (< 30 day research periods)

Human-Tended Capability No Long-Duration Research

Option B Assumes Stopping At Each Stage



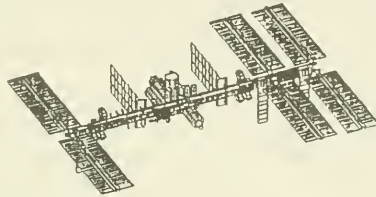
Power available to users: 40.6 kW
 Volume available to users: 48.5 racks
 Research hours per year: 1920
 Microgravity: 21 racks < 1 µg without Orbiter
 18 racks < 1 µg with Orbiter
 38 racks < 2 µg without Orbiter
 31 racks < 2 µg with Orbiter

Limited to 20-30 day stays
 Meets PDRD¹ requirements: No (<30 day research periods)
 (less than 50% Racks in
 "near micro")

International Human Tended Capability No Long-Duration Research

¹ SSP 30,000 Program Definition Requirements Document for microgravity

² US Share of services = 71.4%; Japanese share of services = 12.8%; ESA share of services = 12.8%; Canadian share of services = 3%

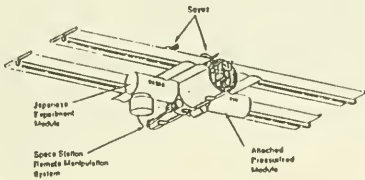


Power available to users: 40.3 kW Average;
 31 kW minimum guaranteed
 (271,560 kWh/yr)
 Volume available to users: 45.5 racks
 Research hours per year: 4160
 Microgravity: 29 racks < 1 µg without Orbiter
 13 racks < 1 µg with Orbiter
 45 racks < 2 µg without Orbiter
 28 racks < 2 µg with Orbiter

Meets PDRD¹ requirements: Yes

Permanent Human Capability

Option C Assumes Stopping At Each Stage



TWO SOLAR ARRAY ASSEMBLIES

Power available to users: 37.2/13.8 kW (Solar Inertial/Local Vertical)
 (Sun pointed/Earth pointed)
 Volume available to users: 72 racks
 Research hours per year: 4160
 Microgravity rating: 40 racks < 1 µg (rotating vector for
 higher power mode)
 72 racks < 2 µg (rotating vector for
 higher power mode)
 Meets PDRD¹ requirements: No (rotating vector for SI mode)
 (Insufficient power for LV mode)
 (rotating vector for
 LV mode as tracks Sun)

With Internationals

¹ SSP 30,000 Program Definition Requirements Document for microgravity

² US Share of services = 71.4%; Japanese share of services = 12.8%; ESA share of services = 12.8%; Canadian share of services = 3%

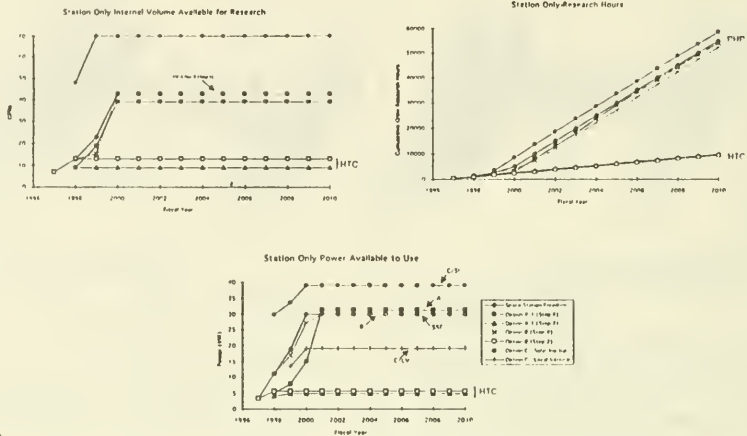


THREE SOLAR ARRAY ASSEMBLIES

Power available to users: 55.2/26.1 kW (Solar Inertial/Local Vertical) over
 36.6/18.8 kW (Solar Inertial/Local Vertical) min.
 (Sun pointed/Earth pointed)
 Volume available to users: 320.616/145.416 kWh/yr
 Research hours per year: 72 racks
 Microgravity rating: 40 racks < 1 µg (rotating vector for
 higher power mode)
 72 racks < 2 µg (rotating vector for
 higher power mode)
 Meets PDRD¹ requirements: No (rotating vector for SI mode)
 (Insufficient power for LV mode)

Permanent Human Capability

SUMMARY OF CAPABILITY



CAPABILITY BASED ON EXPERIMENT FACILITY/BASE VERSUS OPTION CAPABILITY

Unconstrained²

	Total Power (kWh/yr)	Total Crew Time (hours)	Total Volume ¹ (racks)	Total Data (g bls/yr)	Resupply Racks (yr)
U.S. Only (Press. + Attach.)	370,000	17,000	50	8×10^5	60
U.S. + IP's	440,000	29,000	66	9.5×10^5	75
PHC Available	(30 d min) ³				
A	166,440	7680	39	?	
B	271,560	7680	45.5	?	
CSI	320,616	> 7680	> 72	?	
CLV	233,016			?	
SSF	262,800	6566	45.5	?	

1 International Racks: External volume not included.

2 If all user community requirements were met.

3 Minimum power guaranteed: ORB Ave - A = 31 kW B = 40.3 kW C = 55.6/26.1
MIN - A = 19 kW B = 31.0 kW C = 36.6/16.6

4 Assumes 6 months LV, 6 months crew in orbit

Attachment 5

INTERNATIONAL OPTION CHOICE

Senator FEINSTEIN. Do the international partners have a choice of options, a preferred choice?

Colonel O'CONNOR. In essence, if you would take the sense of them, for the most part I would say they like option B. Some of them like A, and they like C the least.

Senator FEINSTEIN. Can you tell me which is which? Which country prefers what?

Colonel O'CONNOR. It is in your handout on the last page. This is the way they ranked each of the options. The first line, "international partners," is just the total summary for all of them and then each country is listed in their preference.

Senator FEINSTEIN. So, clearly, in this one option B comes through as the most preferred by Canada, Japan, which is A/B, and Italy. OK.

There is a draft memo here, not that this is a major factor but it is and is not, of employment. And if you take listed here is the original *Freedom* vehicle, direct contractor personnel, 17,000; civil servants, 2,400. Do you have those figures for options A-1, A-2, B, and C?

Mr. GOLDIN. There have been a number of attempts to do that. The problem we are having in coming up with an impact with the details is we have to know what configuration, what prime contractor, where is everything going to be. We do not have that detail done for all possible configurations.

I would say, if you just take a look at the total dollar level, that is one indication. But if you take a look at the three options, option B in terms of disruption would probably have the least disruption, option A next, option C the most. But when it all settles out, it is a total dollar level that one is going to have and it will be the shifting around as to where the different contractors are going to be. And that is the one thing that we do not have a good handle on and we cannot do until we understand which option the President wants and how we are going to execute the details of the management plan.

CIVIL SERVICE AND SHUTTLE COST

Senator FEINSTEIN. OK. Let us concentrate right now on what seems to be evolving, at least in the other countries' preferences, option B. If I understand the costs from your bar graphs, B goes to 1998 with a cost of \$13.3 billion and total costs of \$19.3 billion. When is it total that is through what year?

Colonel O'CONNOR. OK. That is through to completion, which is in December 2001.

Senator FEINSTEIN. Now, Senator Mikulski was asking about employee costs. Is that included in the 2001 \$19.3 billion cost?

Mr. PETERSON. The answer is "No." The civil service employee cost, if you add it to that, would be roughly \$0.5 billion.

Senator FEINSTEIN. Each year? Or total?

Mr. PETERSON. No; I am sorry. Total cumulative from 1994 through December 2001.

Senator FEINSTEIN. Give that figure again. What was it; \$0.5 billion?

Mr. PETERSON. \$0.5 billion.

Senator FEINSTEIN. So it would take the total cost up to \$19.8 billion; is that correct?

Mr. PETERSON. Yes, ma'am.

Senator FEINSTEIN. And would you add the same to each of the other alternatives?

Mr. PETERSON. Yes, ma'am.

Senator FEINSTEIN. So it is \$0.5 billion for employees.

Mr. GOLDIN. Senator, I might point out that the OMB have specified the reporting format that we are reporting to. And you need one more cost in addition to civil servant salaries, which I would like to ask Mal Peterson have you add to that chart, and that is the cost for the shuttle flights to get the space station up there. Just so you have the complete listing. The OMB asked us to provide all the numbers with the exception of the marginal cost of the shuttle and the civil service costs as the numbers they were measuring us by.

Senator FEINSTEIN. And what is that, the shuttle?

Mr. PETERSON. That number for option B is \$1.7 billion through permanent human capability.

Senator FEINSTEIN. Option B, \$1.7 billion on the \$19.8 billion, so that is \$20.5 billion; is that right?

Mr. PETERSON. Yes, ma'am.

Senator FEINSTEIN. Do you have those figures for each of the others?

Mr. PETERSON. The two option A options through permanent human capability, which occurs earlier for the A options, is \$1.1 billion in shuttle launches at the marginal cost.

Senator FEINSTEIN. I just was handed something. So with everything all added, is this correct? Option A-1 is \$27.6 billion; A-2, \$27.2 billion; B, \$30.3 billion, and option C is \$25.2 billion. Those figures are all correct?

Mr. PETERSON. I am sorry. There is a little bit that has to be added to that. That comparison excluded the payloads from that, so you would have to add the payload costs which were in the previous starting number that we were talking about. When we were talking about \$19.3 billion for the option B we included the payloads in that number, and that is approximately \$2 billion. I mean, the chart that you have just been handed—

Senator FEINSTEIN. So you would add \$2 billion to \$30.3?

Mr. PETERSON. Yes, ma'am; approximately. I can give the precise number to your staff.

Senator FEINSTEIN. So that would take it up to \$32.3 billion; right?

Mr. PETERSON. Yes; I rounded it off.

Senator FEINSTEIN. And would you add that same amount to the others?

Mr. PETERSON. Essentially. There are slight differences among the options because of the timing that is involved.

Senator FEINSTEIN. Is the answer, "Yes"?

Mr. PETERSON. The answer is approximately; yes.

Senator FEINSTEIN. So it is \$2 billion on to each of them; is that right?

Mr. PETERSON. Yes, ma'am.

Senator FEINSTEIN. So that takes it up to \$29.6, \$29.2, \$32.3, and \$27.2 billion total costs; everything. Right?

Mr. PETERSON. Yes, ma'am.

Senator FEINSTEIN. And what are you going to be coming to the Congress for each year for each of these?

Mr. PETERSON. I am sorry?

Senator FEINSTEIN. What are you going to be asking for annually for each of these to get them to the numbers you need?

Mr. PETERSON. I have all that information. It is for 1994 through a period of time when it ends, to PHC.

Senator FEINSTEIN. Does it change every year?

Mr. PETERSON. Oh, yes.

Senator FEINSTEIN. Could you provide that in writing, too?

Mr. PETERSON. I will be glad to.

Senator FEINSTEIN. Would you mind making a note, because as we look at this thing it becomes a bigger and bigger ticket item.

Senator MIKULSKI. Excuse me.

Senator Feinstein, we think there is a chart here that indicates that and it is part of their agenda briefing. Could you share that with Senator Feinstein? It is in that agenda.

OPTION DIFFERENCES

Senator FEINSTEIN. Oh, thank you. I did not see that. Thank you very much.

If the decision were to go with option B and the next favorable option I guess is A; is that right?

Mr. GOLDIN. We do not have a favorite option.

Senator MIKULSKI. But, from the standpoint of cooperation with the international partners, the next one is option A.

Senator FEINSTEIN. Well, let us take that one. What are the most important differences? Leave out costs now. What are the most important substantive differences?

Colonel O'CONNOR. Probably the best features of option A are that it does not take as long or as many shuttle flights or as much extra vehicular activity to assemble. Now, it has a lot of new design on it and so it has risk. There are questions about the assembly sequence, for example, with the robotic arm that are still out ahead of us. Whereas, the *Freedom* assembly has a lot of practice on it. They have been working on it for some time. We would need to get with our Canadian partners and really work out the details on the assembly of option A. Option A also has less software to develop because they have simplified the data management system, and that is good.

The potential drawbacks of some of that is that there are some payloads, now, that may not be able to be operated together at the same time as they could on *Freedom*. So it is a little less flexibility. So they gain in simplicity and lose a little in flexibility for the users.

Senator MIKULSKI. Well, what about option B?

Senator FEINSTEIN. And B; yes.

Colonel O'CONNOR. I was comparing A to B. Compared to option B, A has a simpler software and data management system with a little less flexibility for the scientists than B does. And it also takes less time and less assembly to build than B does.

Senator FEINSTEIN. Well, to me, you are making an argument for A. The only thing that B has is the *Freedom* design and a little less risk. But if it has got more simplicity it has less to go wrong, it seems to me, too.

Colonel O'CONNOR. That is true. You have to remember that option B also retains most of the capabilities that *Freedom* does for the users. Some of the experiments that Dr. Dunbar talked to you about on B can be done anytime during the year.

Senator MIKULSKI. Colonel, is it not so that all of those design benefits and manufacturing benefits for A are so; at the same time, it will do about one-half of the science. So it is not only flexibility in payloads, it is the significant reduction in science.

Colonel O'CONNOR. There is some reduction in science due to the fact that they do not have as many payload racks and because without that joint that I told you about earlier for the solar arrays they have to change attitude periodically during the year, which means that there will be some experiments that would have to be turned off or turned on at certain times. So they lose the flexibility as well as some of the capacity with option A, and that is the price that you pay for the simpler design.

Senator FEINSTEIN. I am asking for your professional opinion, now. Is the reduction in payload worth the reduced cost?

Colonel O'CONNOR. That is very difficult for me to comment on. There are pros and cons to each one of them. I have spent the last 90 days doing my best to try to be unbiased with these, and, as the Administrator said, we want to offer the President three viable candidates. And if you do not mind, I would like to leave it at that.

Senator MIKULSKI. Senator Feinstein, what will also be of interest to you is the Vest Commission report. The Vest Commission of high-level people was to take what NASA did, look at it, and submit an independent critique of the design, essentially like a second opinion. And that report will be available to us this afternoon.

Senator FEINSTEIN. I look forward to reading it.

Senator MIKULSKI. Yes, I think that will be essential to what we are both trying to get at.

Senator FEINSTEIN. Thank you very much, Madam Chairman.

MICROGRAVITY SCIENCE BUDGET

Senator MIKULSKI. Mr. Goldin, there are many questions related to Mission to Planet Earth, Comet, the science initiatives, and so on that we will not be able to go on to. Senator Feinstein and I have a luncheon meeting, along with other Senators, with the Secretary of Education at 1 p.m.

I would like to just have two areas of conversation before we conclude. One is in microgravity and the other is related to Hubble and where we are on Hubble.

As I understand it, when the Office of Space, Science, and Applications was split into three separate offices, we thought that there would be no adverse effect. Yet, NASA is proposing a 29-percent cut in microgravity science. I am very concerned that this cut could destroy the key work that NASA has done and particularly in this biotech research that we have been talking about, our agreement with NIH.

Dr. HOLLOWAY. The reduction in budget that you see grows out of the way in which the budget was restructured with the creation of the budget for the new space station. And much of the microgravity budget and the budget that would cover the life sciences, in fact, in that area were both then moved into a portion of the space station budget, the so-called technology package. So that it is true that for the microgravity sciences,—and we would I guess totally agree that there are some very important areas there that require support—we really will not fully understand that budget until space station restructuring is completed and the rescheduling of the technology package.

Senator MIKULSKI. Could you tell us your name and your area of responsibility?

Dr. HOLLOWAY. I am sorry. I am Dr. Holloway. I am the Associate Administrator for Life Sciences and Microgravity Sciences.

Senator MIKULSKI. And, as I recall, Dr. Holloway, you were really one of the pioneering people in the world in neurophysiology. And I know you are too modest to say that, but I have read about you, Dr. Holloway. You are kind of one of those Nobel Prize-class-type guys that we have. No, really. Dr. Holloway's whole life has been devoted to neurophysiology. I am sure you are more comfortable with research to find the cures for how to shrink brain tumors than budgets. Believe me, sometimes it is harder to shrink budgets than brain tumors.

Let me go to that question, then. If we say that restoring this cut is assumed as part of the newly configured space station budget, I find that hard to compute. In 1993, only \$10 million of the microgravity budget went for space station flight experiments. The budget proposes a cut of \$60 million in microgravity below fiscal year 1993. What happened to the \$50 million?

Mr. ALLISON. Madam Chair, it is a little deception in this budget authority. There is going to be \$35 million of carryover from 1993 that will be applied, \$30 million of which will be applied to 1994.

Senator MIKULSKI. Why was it not spent?

Mr. ALLISON. Because of the change in the station. We had had a lot of money in for a station. It was in the 1993 budget, we had \$49 million in for station facilities. With the changes in the station that was reduced and a reserve was created that was then to be applied in 1994.

Senator MIKULSKI. Well, will the forthcoming budget amendments proposed restore this \$50 million regardless of what the President decides? Or what is going to happen to this money in microgravity research, which is whether it is done—and I remember when the first shuttle went up. Dr. Dunbar I believe you were on the first life science shuttle. Were you not on that?

Dr. DUNBAR. Dr. Ray was on that shuttle, but I helped with some of the ground work.

Senator MIKULSKI. Right. But, in other words, we have already been in space doing the type of research that Dr. Holloway is eminent for. We do not want microgravity to be shrunk no matter what we decide. This is one of the whole reasons we are in this to begin with.

Mr. ALLISON. Assumed in the payloads in the redesign—this was just handed me—is a sizeable amount of money for microgravity sciences that would restore that budget.

Senator MIKULSKI. Well, what does sizeable mean?

Mr. ALLISON. About \$75 million.

Senator MIKULSKI. Well, let me then rephrase. The budget proposes \$60 million in microgravity below fiscal year 1993. When all is said and done and restorations are so, will we have restored that \$60 million?

Mr. ALLISON. Yes; with the application of the reserve, Madam Chair, from 1993, from this period.

Senator MIKULSKI. Will it be more than the \$60 million?

Mr. ALLISON. More than the \$60 million?

Senator MIKULSKI. Yes; will it be \$70, \$75 million?

Mr. ALLISON. It would be a growth of about 10 to 15 percent, I believe. But I cannot be certain of that.

Senator MIKULSKI. I think we would like to know that.

Mr. GOLDIN. Can we take an action to get you back that number?

Senator MIKULSKI. Yes, yes; the whole issue of microgravity, the work of the bioreactor, the work of those things to be done are part of the core of why we are willing to do this. If we then, while we are trying to think A, B, C, if we do not have the money to do the research, then all we are doing is [indicating]. And we want to be sure that the microgravity is funded, regardless of what the decision is, that that research continues to go on.

Mr. GOLDIN. We in NASA agree with you and we will get you those numbers. We believe they are correct. But we did have an accounting change that has caused us a little confusion. But we are trying to comply with the OMB. We will get you the number within a day or two.

[The information follows:]

In 1992, NASA's initiated the Red/Blue Team review process to rescope the Agency budget to a more realistic level of expectation. Within this process, the Microgravity Program was reduced and replanned to reflect the science community's emphasis on combustion, fluids, solidification and biotechnology. Containerless processing and other advanced facility modules were delayed in the interest of benefitting the existing science demand for these priorities. The Agency's FY 1994 Budget submission to OMB assumed the Blue Team reductions and science reprioritization, which reduced the program by more than \$300 million through fiscal year 1998, and assumed a funding level of \$135 million in fiscal year 1993 (a \$60 million reduction), which was consistent with the Senate Appropriations Committee recommendation at that time.

The Agency's FY 1993 budget as enacted for microgravity activities was \$170 million, a reduction of only \$25 million vs. the \$60 million previously assumed. Subsequently, the FY 1994 budget level was adjusted to compensate for the unplanned additional FY 1993 funding of \$35 million, which was to be carried over and applied to FY 1994 requirements. The FY 1993 and 1994 budgets reflect the ongoing microgravity Spacelab program, and, with the addition of the Space Station payload funding allocated from the Space Station budget, represent a comprehensive, prioritized program of experimentation.

Senator MIKULSKI. Do you feel comfortable with that. Dr. Holloway?

Dr. HOLLOWAY. I certainly do. We have had a great deal of support from the Administrator in the microgravity area, and I feel no question about that at all.

HUBBLE SPACE TELESCOPE

Senator MIKULSKI. Thank you very much.

Now, let us go on to Hubble. The repair mission in which we are going to get a contact lens for Hubble is now scheduled for 1993. There were a series of recommendations to make sure that mission is a success, and it has to be a success. One of their recommendations was the appointment of a mission Director on whose desk the buck would stop to make sure it was. Have you appointed that Director, who it is, and where are we?

Mr. GOLDIN. Yes. His name is Randy Brinkley, and he is the mission Director. I believe he has been in place for a number of months. We did not even wait for the report to come out. We took action on it immediately, as soon as the panel had an interim recommendation.

Senator MIKULSKI. Well, we look forward to meeting him. Are we on schedule for the December fix?

Mr. GOLDIN. Yes. First, let me say we would be pleased to have him meet you. You name the place. We will have him meet you.

Second, there are number of key events we have to go through. Probably the single most important event is the joint integration simulation, which the panel also recommended, and that is where we are going to validate the EVA time. That occurs in October. That is really the go/no-go gate that we have to go through. That is the most important activity that we have on the agenda. We do have some simulations in June, but we want to wait until that full end-to-end simulation to be sure we have each point of the timeline worked out. And, at that point in time, I think it would be very appropriate, as soon as we complete that task, to come and give an immediate report to the committee.

HUBBLE SPACE TELESCOPE RECOVERY COST

Senator MIKULSKI. One of the great disappointments I had in chairing this committee is when Hubble went wrong. As you know, Hubble has such a strong tie to Maryland and it was really to look to the edges of the universe. So when all of that mess occurred, Senator Garn and I held those oversights.

Now we are looking forward to its repair, but we are also looking forward then to who is going to pay for this repair. The corrective optics, or contact lenses, that will go on Hubble I understand will cost \$50 million. The analysis that led to deciding how to repair that telescope cost another \$36 million, so when it got it right, it was going to be right.

What are we doing to recover this \$86 million in taxpayers' funds from the contractor that built the original mirror that has caused these significant problems?

Mr. GOLDIN. Since we are in the middle of some legal considerations, I would like to ask the NASA legal counsel to come and answer that question.

Ed Frankle.

Mr. FRANKLE. Madam Chair, as you can imagine, both the factual and the legal situation involving what happened and what the various rights of the parties are is very complicated. We have been in extensive discussions with the Department of Justice and we are

in the process of discussing that with the contractor who performed the work, plus the successor-in-interest to that contractor. We are in negotiations to see how that is going to resolve, including determining what legal actions might be available to us should we decide that is necessary.

I really cannot comment too much further than that. But we are in the midst of those discussions.

Senator MIKULSKI. Well, counsel, we understand the sensitivity of these issues. I do have other questions and perhaps we will discuss those at an executive session meeting.

Mr. FRANKLE. Certainly.

Senator MIKULSKI. We will pursue those. Thank you.

But what you are saying is there are efforts underway by both NASA and the Justice Department to recover costs, and anything else that would be said on the record now could jeopardize those negotiations.

Mr. FRANKLE. Yes, ma'am.

HUBBLE SPACE TELESCOPE BUDGET

Senator MIKULSKI. And we acknowledge that.

Mr. Goldin, we also understand that Hubble is running a shortfall of about \$11 million. And, in addition to that, we have been told that the Hubble telescope is being asked to absorb another \$50 million in reductions in mission operations. That could mean a 25-percent cut in the staff of the Space Telescope Institute. Given the importance of Hubble, why are you running a shortfall in 1994? Should we anticipate these cutbacks, and where are we?

Mr. HUNTRESS. Madame Chair, I am Wes Huntress. I am the new Associate Administrator for Space Science.

In fact, we do have a shortfall in the MO&DA budget across the Office of Space Science, and that is the \$50 million number that you mentioned. We are presently in the process of determining how, in fact, to deal with that situation. We have a process put into place that involves the science community to determine what the effects would be on our various missions, including Hubble. And, at the moment, there is no effect on Hubble through the first reflight in December. And after the 1994 budget comes out, we will then examine how we would deal with any potential shortfall in the MO&DA area across all of our missions.

Senator MIKULSKI. But Hubble is a high-priority mission because of the repair. Should it not get protected in some way?

Mr. HUNTRESS. Through the repair mission flight in December, it is protected. There is no shortfall in that mission.

Senator MIKULSKI. But then having gone through this tremendous expense, will we have the resources then to take advantage of the restoration of it to its original capability? Are we going to go through a massive set of shuttle flights and fixing it and making sure the mirror works only then to start to cut back on its missions?

Mr. HUNTRESS. There is no doubt that the Hubble is one of our premiere science facilities in the Office of Space Science. There is no doubt about that at all. And, to that extent, we will do our utmost to protect its scientific capability. What we have looked at so

far are efficiencies that we might be able to achieve in the operations of the space telescope.

MISSION TO PLANET EARTH

Senator MIKULSKI. One last question, and that goes to Mission to Planet Earth, which we will not go into in great detail but we know has a special interest to the Vice President. I hope that Mission to Planet Earth does not become another space station problem where we continually lose focus and have reviews and so on. Are we on track on Mission to Planet Earth, or are we still going through more reviews about Mission to Planet Earth?

Mr. GOLDIN. Right now, I believe we are on track. We have the EOS A-platform under contract with the Martin Co., because Martin acquired GE. We have a series of studies that we are doing on the next spacecraft in that series with four contractors. We have started up the EOS DIS contract.

And the only study that I know of that we have going on right now is we set up a new program management control approach to baseline programs before we go out with a request for proposal. So, since EOS DIS is in the startup phase, we have asked for a baseline review to establish that they have the proper budgets, the requirements are stable, that we have the proper resources, that the contractor has the proper facilities, that NASA has the proper people to manage that activity, and that we will have a validation that we are on track. That is the only study that we have going on right now that I know of.

Senator MIKULSKI. Well, on March 24, in correspondence to the White House to Dr. Gibbons, the Science Advisor to the President, in that letter you said there would be yet another review of the EOS project within the next few months. And, yet, this mission has undergone two major independent reviews in the last couple of years. This is your letter.

Mr. GOLDIN. May I see the letter?

Senator MIKULSKI. Yes.

Mr. GOLDIN. I think this refers to exactly this baseline review that I was talking about on the EOSDIS that just—

Senator MIKULSKI. So it is the same review?

Mr. GOLDIN. It is the EOSDIS; yes. And, in fact, the bullets that I just verbalized to you are called out here in terms of what we are planning to look at to establish that all the contract is in proper working order. In fact, I had a meeting with the CEO of our contractor, Mike Armstrong at Hughes. He thought it was a good idea, so we are all going to do it jointly together to establish that we have a good baseline. So that was the purpose.

Senator MIKULSKI. OK. Thank you. Mr. Goldin, thank you for that.

I also want to express my thanks to the entire NASA team that has participated in this unprecedented, quick-step—and obviously it was a very quick-step—highly pressured review of space station *Freedom* and its options. For all who participated, we really thank you as we look forward to the Vest Commission's reports, to conversations with the White House on its final decision.

We also want the people, though, at NASA to know that we know that NASA is not only involved in the space station *Freedom*,

though it is certainly one of the major science endeavors that we have underway. Issues like the Hubble and Mission to Planet Earth and all the other planetary science and things that we could elaborate on in the seven centers that serve NASA, to the people who keep on launching regardless of what the mission is, we are all very, very grateful.

So I am expressing that to you, Mr. Goldin, but I am expressing it to all of NASA. I know that they are extremely frustrated. And we would hope now that we truly can come to closure on that.

There will be further discussions that we have with you. As you know, this committee has always worked on a bipartisan basis in terms of arriving at what we think are the best decisions. We continue to share that. Senator Gramm has been actively engaged in this. And we will look forward to additional conversations with you and other members of your team.

So we thank you. We thank all of NASA.

ADDITIONAL COMMITTEE QUESTIONS

We will submit the balance of the questions for response in the record.

[The following questions were not asked at the hearing, but were submitted to the Administration for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR MIKULSKI

Space Station Redesign

Question 1: The Administration has set one of goals of the redesign as a "no-net loss of jobs from NASA activities." The Subcommittee has obtained some charts with what it believes to be NASA analysis on the redesign's effect on jobs. The charts outline both the reductions as a result of the space station redesign, and increases due to other program increases in NASA. The chart suggests that direct employment for space station as a result of the redesign would drop from just over 18,000 to about 10,000.

Do you agree with these estimates, and can you explain how you arrived at these conclusions?

Answer 1: This estimate is similar to one of several possible solutions to Option C, which has been abandoned. NASA is currently working on estimates for the option chosen by the President (Option A).

Technology Package

Question 2: Given the fiscal realities about the future of the so-called Tech Package, are NASA's estimates about offsets from increased spending overly optimistic?

Answer 2: The overall objectives of the New Technology Investments package are to create programs, led and defined by industry, that will lower the cost of space activities, achieve near-term results, and benefit the economy more directly. There is strong emphasis on industry providing leadership and resources (financial or in-kind services) in the formulation and execution of these programs to ensure that they are responsive to commercial marketplace needs, as well as government needs. NASA is also exploring innovative management approaches to emphasize minimal NASA oversight, clear control and accountability and significant procurement flexibility. Each program will be measured against performance goals to determine whether funding is continued. Through emphasis on maximizing the industry control of these efforts, we are optimistic that the investment of this funding will result in a strengthened and more robust aerospace economy.

Question 3: An additional 2,400 jobs are supposed to be recovered from [the loss of jobs associated with the station redesign effort] through increases in aeronautics research. NASA is only asking for a \$155 million increase in aeronautics research in 1994. Assuming your goal is to generate 2,400 jobs, that translates into about \$65,000 a job. Yet the annualized cost of a job in aeronautics, according to our consultations inside and outside of NASA, is that one job costs between \$110,000 and \$115,000 a year when you factor in overhead and benefits. What accounts for your discrepancy in cost per job?

Answer 3: NASA is requesting in FY 1994 a total increase of \$235M in aeronautical research funding. Of this amount, \$155M is for Aeronautical Research and Technology and \$80M is for Transatmospheric Research and Technology. We estimate that the impact of the increased aeronautical funding in FY 1994 will create an additional 2,100 jobs nationwide. These jobs will be performed both on or near NASA installations and at contractor facilities. Because roughly one-third of these jobs will be located at government facilities, the overall average cost of all jobs generated by the increased

funding is lower than would be expected if all jobs were located at contractor facilities.

Question 4: Each of the redesign options come with different price tags. I am concerned that the assumptions which went into determining these options were not consistent among the three.

Do the cost figures you've presented on each of the three options represent an apples-to-apples comparison?

Answer 4: The cost figures presented on each of the three options all have the same major program factors in common. First, they all share a requirement for compatibility with the launch and in-orbit capability of the space shuttle. Second, they share research requirements for extremely low microgravity, long-duration stays, rapid and easy access, high power levels, and crew time. Finally, they all provide for provision of capabilities and services to the international partners. How the three options provide for these requirements is where differences develop. Options A and B are both modular concepts that provide for interim capabilities before Permanent Human Capability. Option C is closer to a single launch strategy where most capability is available after the first flight.

Factors where differences lie include schedule, resources, utilization, and reserve levels. As the different options each carry different amounts of development risk, schedules were adjusted to provide for realistic time to complete development and fabrication of the hardware and software. The option teams separately conducted trades to determine what kind of resources in terms of volume and power could be provided at reasonable cost while meeting the goals of user accommodation. Each option team was also responsible for deciding the level of utilization to accommodate during interim phases of the program. For example, the Option B team chose to allow more utilization flights during the assembly of the station which extended the schedule to achieve permanent human capability. Utilization flights were not a cost factor for comparison of the options. However, if utilization flights were deleted from Option B and assembly accelerated, development costs in FY 1994 through FY 1998 would have increased and total development cost would have decreased. Reserve levels differ among the three options due primarily to differing amounts of design maturity. However, consistent methodology was used across the three options to allow fair comparisons of cost.

The NASA transition team will decide on the final configuration. They are free to make improvements to the option chosen (Option A) by bringing in features from other options as well as design and programmatic options not considered in the original redesign effort.

International Partners

Question 5: The Redesign Presentation suggests that both Japan and the Europeans prefer Option A as their first choice. Yet in a joint presentation by Europe, Japan, and Canada to the Vest Committee they said that Option B offers essentially the same interfaces and capabilities as the current Space Station Freedom baseline, and represents the minimum impact to the international partner elements. The international partners consider that option B represents the lowest technical and programmatic risk.

Doesn't that statement suggest terminology that Option B is their preference?

Answer 5: Following the redesign process, the International Partners conducted a technical assessment and ranked the three redesign options as follows:

	<u>1</u>	<u>2</u>	<u>3</u>
ESA	A/B		C
Japan	A/B		C
Canada	B	C	A

Only Canada rated Option A below Option B. This rating resulted from the fact that Option B provided the minimum amount of change to Canada (and, accordingly, the minimum additional expenditures) and kept Canada's contribution intact. Under Option A, Canada's role was diminished through deletion of the Mobile Transporter (MT). Since the redesign presentation, however, Option A has been modified to restore the MT and, accordingly, Canada's full participation.

Although Option B maintains essentially the same interfaces and capabilities as Freedom, both Europe and Japan indicated that the interface simplifications proposed in Option A would reduce program complexity and related costs.

Russian Technology

Options A, B and C all assume use of the Russian Soyuz as a crew rescue vehicle, and Russian docking and rendezvous technology as the means to dock the shuttle to the Space Station.

Question 6: How much would these options save the U.S. taxpayers from having them built by U.S. companies? Is it something like \$1.5 billion?

a. Are there any additional "Russian" space station options being considered by the Administration where we would buy Russian space modules as either laboratory or habitation modules? If so, what are they, who's working on them, and why isn't this factored into the redesign team's presentation?

Answer 6: A precise estimate of the savings is difficult to make, since no final agreement with Russia to provide these systems has yet been reached. Cost estimates are also uncertain due to the absence of auditable accounting methods in Russia. However, according to the Space Station Redesign Team's (SAT) Final Report to the Advisory Committee on the Redesign of the Space Station, the cost of the U.S. built ACRV would be approximately \$1.2 billion for fiscal year 1994 - 1998, and an additional \$0.5 billion to reach Permanent Human Capability. For comparison purposes, the SAT estimated the cost of using the Soyuz ACRV at \$0.3 billion and \$0.2 billion, respectively. Two caveats to this information should be made:

1. The cost estimates made for the U.S. vehicle were based on Phase A conceptual studies. The Soyuz vehicle cost estimates represent early Phase B efforts. Both estimates are based on early project development data; consequently, they represent rough order of magnitude cost predictions, at best.
2. The Soyuz vehicle will hold only a crew of three (the studies for the U.S.-built vehicle were based on a 6-8 person crew); thus we will need two Soyuz vehicles when docked at the Space Station.

At this point, the Russian docking and rendezvous technology is still under evaluation, and a precise cost estimate of that technology versus U.S. technology is not available.

Answer 6a: A NASA team in Crystal City, VA, is currently conducting studies with Russia to assess Russian involvement in space station. A variety of Russian hardware is under consideration. A report on these studies will be submitted to the White House shortly.

Budget Priorities

Question 7: If we have to cut NASA's budget, do you believe the House cuts reflect the proper priorities in the NASA budget?

Answer 7: Although the Appropriations mark approved by the House reduces the FY 1994 budget \$746 million, it preserves the program priorities as reflected in the President's budget request for NASA. It includes funding to continue the Space Station as well as to initiate the New Technology Investment package activities. It funds the major ongoing Space Science programs, the Mission to Planet Earth activities and the research and flight activities funded by the Life and Microgravity Sciences budget. The Aeronautics program is funded at the requested level, and funding is included to expand involvement in the area of Minority University Research.

A major reduction is in the Space Shuttle and program which is reduced \$380.4 million. The Shuttle program has made significant efforts to reduce the cost of the program, and is implementing efficiencies throughout the program to lower the cost of flying the Shuttle. The House has directed that part of the reduction be achieved through termination of the Advanced Solid Rocket Motor (ASRM) program, however the ASRM continues to be an important safety and performance enhancement planned by the Shuttle program. The implementation of the Shuttle reduction directed by the House has not been assessed in detail.

Another area of significant reduction is the Research and Program Management appropriation, which was reduced \$37.5 million. This reduction, which will be absorbed by reducing the total civil service workforce through attrition and retirement incentives, is further jeopardized by the inclusion of the 2.2% pay raise and implementation of the locality pay adjustment in the FY 1994 Reconciliation legislation. The combined impact of those two adjustments is approximately \$58 million in FY 1994. No funds are budgeted for these pay adjustments and if the agency is required to absorb the full cost of them, an agency-wide furlough of up to 10 days will result.

Question 8: Where would you cut if we had to reduce NASA's budget by \$500 million, \$750 million or \$1 billion in 1994?

Answer 8: NASA has undertaken a far reaching and aggressive effort to reduce its funding requirements, both in the near term and well as in runout. In the FY 1994 budget request, we have cut \$15 billion from our five year spending plan. This was accomplished by restructuring the major science programs such as AXAF, EOS and Cassini, instituting efficiencies in the Space Shuttle program without compromising important safety upgrades, terminating the National Launch System program and Space Exploration Initiative, and reducing the planned funding for new facility projects and growth in the civil service population. To balance these reductions, funding was added

for new technology investments and an augmented Aeronautics program. In total, the NASA budget request represents a fiscally conservative but well balanced and ambitious plan to continue the leadership position of the United States in the fields of space exploration and aeronautics research.

Microgravity Science

When the Office of Space Science and Applications was split into three separate and distinct offices earlier this year, the Committee was assured by Mr. Goldin that not one of these offices would be adversely effected. Yet, the NASA budget proposes a cut of 29 percent in microgravity science. This cut devastates key work which NASA has done in biotechnology cell research in diseases like breast and ovarian cancer.

Question 9: Why has the agency proposed this devastating cut in the one area of its scientific work that has a direct link to real world human health problems? Won't this cut disrupt the agency's work with NIH that the Committee has supported?

You say that restoring this cut is assumed as part of the newly configured space station budget. That doesn't make sense. In 1993, only \$10 million of the microgravity budget went for space station flight experiments. Your budget proposes a cut of \$60 million in microgravity below the fiscal year 1993 budget.

Answer 9: The Microgravity budget was increased by \$74.4 million in the amended President's budget to \$163.4 million. This level of funding will not disrupt the cooperative work Microgravity has with NIH.

Question 10: What happened to the other \$50 million from the 1993 budget?

Answer 10: The \$74.4 million was added to the Microgravity division through the space station redesign process. This funding covers both space station and spacelab experiment and science costs within the Microgravity program, and combined with initial funding for major space station facilities (budgeted with the space station program) represents a total orbital research program for microgravity research.

Question 11: Will your forthcoming budget amendment propose restoring at least this \$50 million regardless of the President's decision on space station?

Answer 11: The President's budget amendment restored more than this \$50 million to the Microgravity division.

Hubble Telescope

Question 12: Hubble repair mission is now scheduled for December 1993. An Independent Task Force made a series of recommendations to improve the chances for the mission's success. One of their primary recommendations was the appointment of a Mission Director, on whose desk the buck would stop.

Mission Director: Have you appointed this Director, and if so, who is it?

Answer 12: Mr. Randy Brinkley was appointed as the Mission Director for the Hubble Space Telescope First Servicing Mission (STS-61) on December 15, 1992. In this position, Mr. Brinkley is responsible for coordinating "the efforts of the team working to

safety and successfully accomplish the Hubble Space Telescope Servicing Mission." The Mission Director chairs the STS-61 Mission Coordination Team (MCT) which includes the HST Program Manager and the Space Shuttle Program Deputy for Program Integration. Through the MCT the Mission Director coordinates Level 1 management activities and provides oversight of STS-61 Level II/III management's mission preparation activities, management structure, coordination between programs, projects, and centers, and implementation of review group recommendations. The Mission Director reports directly to the Associate Administrator for Space Flight and interfaces with the Associate Administrator for Space Science through the Mission Coordination Team.

Question 13: A second action the review panel recommended was developing a precise sequence for on-orbit repair and servicing. This would include a specific time line, and choreography, with necessary contingency steps built into the process.

Have you done this? And if so, what is the sequence of repairs that you'll make, which ones are the most difficult, and what contingencies have you built into the mission to reflect these difficulties?

Answer 13: The sequence for the live nominal extravehicular activity (EVA) days has been precisely choreographed to accommodate several factors, including task priority (as established by the Hubble Space Telescope (HST) project), task efficiency, and length of EVA. The sequence is enclosed. Individually none of the tasks appear to present insurmountable obstacles. The most difficult aspect of these tasks is their integration and choreography. The mass handling of the large orbital replacement units is the most difficult task to simulate in 1-gravity. Accordingly, there is "practice" time built into the timeline for the wide field/planetary camera (WF/PC), corrective optics space telescope axial replacement (COSTAR) and solar arrays. In the event of a remote manipulator simulator (RMS) failure, procedures that do not require the TMS have been developed and will be flown for each task. The crew has received and will continue to receive extensive contingency training. This training includes, as an example, flight scenarios resulting in reduced EVA capabilities and scenarios for failed retraction of the solar arrays.

Recovery of the Hubble Fix Costs

The corrective optics, or contact lenses, that will go on Hubble this December will cost NASA almost \$50 million. The analysis that led to deciding how to repair the telescope cost another \$36 million.

Question 14: What are you doing to recover this \$86 million in taxpayer funds from the contractor that built the original mirror that has the cataract?

Answer 14: NASA's Office of the Inspector General is conducting an investigation into the circumstances surrounding the manufacture of the mirror. The investigation is focussed on what happened, who committed the errors, and possible legal liabilities of the parties involved. Because, while the investigation is open and ongoing, no comments can be made about the specifics of this investigation.

Question 15: Given the importance of the Hubble project, why does your budget have a significant shortfall, and a very serious cutback in the years after 1994? What do you intend to do to fix this problem?

HST SCHEDULED EVA TIMELINES



00:30	00:35	00:50	00:25
setup	A	2 RSUs	SAC PREP MSS 1 cinup

00:40 1:10

A. LGA cover, umbilical cover, ingress abds

4:10 4:45 5:35

5:15

00:25

setup	2 SOLAR ARRAYS	cinup
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00:20

5:35

setup	WF/PC	GHRs-RK	cinup
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00:20

4:15

0:55

00:25

5:30

setup	COSTAR	2 ECUs	cinup
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00:20

3:10

1:35

00:25

5:05

setup	SADE	MSS 2	FUSE PLUGS	CO-PROCESSOR	cleanup
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1:30

0:50

0:35

1:40

1:00

00:20

1:50

2:40

3:15

4:55

Answer 15: NASA's program plan for Hubble Space Telescope Operations and Servicing remains vital despite significant reductions to the program taken as a part of the FY 1994 budget process. A total of \$23.7 million was deleted from the FY 1994 requirement for this program, a 9 percent reduction from the runout requirement of the FY 1993 President's Budget.

This reduction was incurred to seek efficiencies in NASA MO&DA programs and to reduce overall funding next year and in future years. The Hubble Space Telescope program, including its operation, sustainment and scientific utilization, represents 24 percent of the funds allocated to NASA's Physics and Astronomy program. The reduction to the program's funding is proportional to its level of funding among the Agency's programs.

Despite this reduction, Agency plans for the December 1993 First Servicing Mission have been unaffected. Flight article development and mission support funding for this first mission has been isolated from the current financial reduction. Preparations for the First Servicing Mission are proceeding on schedule and flight systems and replacement articles are in the process of being shipped to Kennedy Space Center for flight preparation and deployment aboard the Shuttle.

Adjustments have been made to the program, sufficient resources exist to manage current requirements. A follow-up Red Team/Blue Team exercise devoted to the Hubble Space Telescope is scheduled once the First Servicing Mission is complete. As streamlining of the operation and sustainment of the Hubble Space Telescope continues, necessary adjustments in funding needed to assure the 15-year operational life of this premier astronomical observatory will receive the highest level of attention within the Agency.

Mission to Planet Earth

NASA is requesting about \$505 million for the Earth Observing System, an increase of 22% over 1993. Administrator Goldin told the White House in a March 24th letter that there would be yet another review of the EOS project within the next few months. Yet EOS has already undergone two major independent reviews in the last years. This Committee has descope'd the project's budget from \$18 billion to \$8 billion through the year 2000.

Question 16: Why does this project need to undergo yet another review? What specific steps do you believe need to be corrected that warrant yet its third major review in three years?

Answer 16: No additional external reviews of the Earth Observing System (EOS) program are scheduled at this time, as noted by the Administrator during the June 10 hearing. The only reviews planned for EOS, and referenced by Mr. Goldin in his letter of March 23, 1993, are routine management assessments to be performed by NASA personnel.

NASA believes that the redesigned EOS program represents a logical and timely means for providing the critical science data needed to support the research goals of the U.S. Global Change Research Program and other purposes, and that it is flexible enough to respond to changes in scientific understanding and research/policy requirements. The major challenges facing the program today are the budget increases needed in FY 1994

and FY 1995 to support the program schedule.

Question 17: Did the Office of Mission to Planet Earth at headquarters support the need to do this independent review?

Answer 17: As noted above, no additional external reviews are scheduled at this time. The Office of Mission to Planet Earth fully supports the concept of periodic reviews by NASA senior management, along the lines referenced by the Administrator in his letter.

Question 18: Isn't there a risk that all of these reviews, which take time and effort away from actually building EOS and its data information systems, will impede the project remaining on schedule?

Answer 18: NASA is proceeding with the development of the Earth Observing System to meet the scheduled launch of the first EOS spacecraft (EOS-AM1) in mid-1998. Work on the data system, especially the prototype system (Version 0), is also proceeding on schedule, including progress on the EOSDIS Core System, pathfinder data sets, and development of the Distributed Active Archive Centers. Science teams have been meeting on a regular basis to develop plans for the utilization of EOS data and the generation of data products, in some cases using data now being made available from near-term spacecraft missions (such as the Upper Atmosphere Research Satellite and TOPEX/Poseidon). NASA has developed a process of continuous scientific dialogue regarding the planning and development of EOS - and all of Mission to Planet Earth - with the science and user communities.

We believe that this schedule - for the first flight, subsequent flights, the data system, and related research - can be met provided that the program receives full funding support and that the program does not undergo another significant restructuring.

Question 19: When will the civil servants and contractors working on EOS be left alone to do their jobs?

Answer 19: As noted above, NASA is moving forward aggressively to successfully implement the EOS program. No additional external reviews of the program are scheduled at this time.

COMET Program

Committee received a letter dated May 28, 1993, in which NASA indicates it doesn't plan to spend any additional funds for the COMET program because it was experiencing an 80% cost overrun. This step would essentially kill the program less than 1 month before its original launch date. NASA has submitted at least five operation plan letters to the Committee since the 1993 appropriations bill was signed into law last October. None mentions any problem with the COMET program.

The Subcommittee staff was assured by NASA last fall that this program was on track. Yet six months later its 80% over budget & 2 of the 3 contractors have stopped work.

Question 20: Why did the agency, entirely on your watch, fail to see this problem coming?

Answer 20: The COMET program was set up from the beginning as a purchase of flight services, not space hardware. It was designed to allow American industry to become a responsible partner in the commercialization of space and to assume more direct control for managing the project cost effectively. Part of this operating philosophy was to minimize documentation, specifications, and reporting requirements on the contractors. To ensure that this operating philosophy would be implemented, direct NASA involvement was kept to a minimum through the use of the grant process. Consequently, all COMET contracts are with the grant funded Center for Space Transportation and Applied Research (CSTAR). Although CSTAR had kept NASA informed of the potential for some cost growth, NASA was not apprised of the magnitude of the cost problem until April 1993. The COMET cost growth is the result of CSTAR's acting in the capacity of a contract manager, without assuming or establishing program responsibility, and the contractors' insufficient understanding of their capabilities and the complexity of the task they undertook.

Question 21: You say the problem was due to the fact that the University running the program didn't tell you

Answer 21: CSTAR had kept NASA informed of the potential for COMET cost growth. The COMET contractors had planned as late as January 1993, to offset program cost growth with commercial sales. Substantial commercial sales which were counted on by the contractors and CSTAR, have failed to materialize. By the time the cost growth problem was substantiated by the contractors in April 1993, two of the three COMET contractors had exceeded their FY 1993 funds and were preparing to stop work. As a result, the options available to NASA were extremely limited.

Question 22: Didn't the COMET appropriation go to NASA?

Answer 22: The COMET appropriation did come to NASA, and NASA is responsible for the use of those funds. The COMET program was set up as a way to provide flight opportunities for Centers for Commercial Development of Space payloads, and develop a new commercial space transportation infrastructure.

Question 23: Is this the same excuse why there is a \$500 million overrun with the space station program at work package two with McDonnell Douglas?

Answer 23: There were a number of reasons for the potential cost growth in the McDonnell Douglas contract. Our data indicates there are six primary causes for the cost growth:

1. an inability to achieve management challenges that had been incorporated into the program as a result of the 1991 restructure;
2. an inability to attain selected projected productivity gains that were assumed by the program in light of the contractor and subcontractor bids and projections;
3. an increase in contractor rates due to the declining business base in the aerospace business;
4. a lack of overall design maturity in the program that resulted in costs being underestimated in earlier FY 1993 to FY 1995 budget planning;

5. NASA-directed change orders that resulted from the technical reviews of the program that were being conducted to provide necessary operational performance to lower long-term operating costs; and
6. the need to commit budget earlier to long lead spares.

It was not until FY 1992 that the full impact of the FY 1991 restructuring was understood. It was not until preliminary analysis conducted in FY 1991 was refined and implementation plans (which included all of the factors listed above) were developed that the problem fully surfaced. Prior to December of 1992 it was believed that reserves were sufficient to cover cost growth due to uncertainty coming out of the restructuring of FY 1991, contractor rate growth, and design changes that were felt necessary as the overall program became more mature.

Question 24: Could some of the problems with the COMET program stem from the fact that you changed all of the people in charge of the Commercial Programs division that oversee it last October, a change made without the consultation of the Congress?

Answer 24: The reorganization of the Office of Commercial Programs had little if any impact on the COMET program. The individuals with immediate oversight did not change with the reorganization and the new personnel brought a fresh perspective to the problem.

Question 25: Why did NASA permit its COMET project manager to take a UN fellowship in Kenya less than six months before the first scheduled COMET launch?

Answer 25: Since the COMET contracts are managed out of CSTAR, replacing the NASA manager, who has minimal programmatic role with the contractors, was felt to have had little impact.

Question 26: Would you support doing at least one COMET launch if it could be done without increasing any funding over what's requested in the 1994 budget?

Answer 26: As was stated in the Administrator's May 28, 1993 letter, Comet has been planned as a three-mission program. It has experienced significant cost and technical problems. Based upon what we know now about these problems, a single flight program would be a trade-off between the investment to date, and the program objectives achievable with the funding requested in the FY 1994 budget.

QUESTIONS SUBMITTED BY SENATOR KERREY

Earth Observing System

Question 1: There has been discussion of several ways to approach data analysis and dissemination once the EOS system is operating.

a. What is NASA's current thinking on how to organize and manage this material?

Answer 1a: NASA is implementing EOSDIS using a distributed, open system architecture. This allows for the distribution of EOSDIS elements to various locations to take best advantage of different institutional capabilities and science expertise. Although EOSDIS is physically distributed, it will appear a single logical entity to the user. EOSDIS will consist of an EOSDIS Core System (ECS) to provide centralized mission and instrument command and control functions, and distributed (but common) product generation, archive, and information management functions. Capabilities outside the scope of the core system, include site-unique extensions to core capabilities (such as the Distributed Active Archive Centers), computing facilities of EOS researchers, and so on. The EOSDIS architecture is composed of several types of elements, most of which will be geographically distributed, thereby providing a resilient program.

b. What are the plans for data analysis center?

Answer 1b: Eight Distributed Active Archive Centers (DAACs), covering various types of Earth science data have been selected by NASA to carry out the responsibilities for processing, archiving, and distributing EOS and related data and for providing a full range of user support. These institutions will ensure that data will be available indefinitely in an easily usable form. Acting in concert, DAACs will support global change researchers whose needs cross traditional discipline boundaries, while continuing to support the particular needs of each discipline community. DAAC assignments were based primarily on the current distribution of scientific expertise and institutional heritage and capability. Each EOS DAAC contains functional elements that include a Product Generations System (PGS), a Data Archive and Distribution System (DADS), and an Information Management System (IMS). These elements include a common set of functions provided by the distributed ECS, and also some DAAC-unique extensions required to support each DAAC's discipline user community. Other Federal agencies may share management and funding responsibilities for the active archives under terms of agreements negotiated with NASA.

c. Will there be a cost to researchers and universities for use of the material?

Answer 1c: Researchers and universities interested in using EOS data will be required to submit brief proposals describing the research activity. Once designated as research users, researchers (whether funded by the EOS program or through other channels) must sign a "research agreement" confirming that the data are to be used in a study or investigation: 1) that aims to establish facts or principles; 2) where the data may not be sold, and may be reproduced or provided only to other researchers covered by a research agreement and for whom the researcher takes responsibility; 3) where the results of the research will be submitted for publication in the scientific literature; and 4) where detailed results - including data, algorithms, and models - will be made available to the

research community at the time they are accepted for publication. Once signed, these researchers will be granted access to the appropriate data from EOS and international partner programs at no more than marginal cost of filling the specific user request.

High Performance Computing and Communications

Question 2: What is NASA's portion of the High Performance Computing and Communications (HPCC) for 1994?

Answer 2: NASA has requested \$65.6 million for HPCC in FY 1994.

Question 3: How much will go specifically into Internet activities?

Answer 3: Of the \$65.6 million requested, \$5.2 million is for communications networking (Internet) activities.

Question 4: How is NASA combining HPCC and educational activities?

Answer 4: The NASA HPCC program supports K-12 education over the Internet. Activities in this area will focus on developing curriculum enhancement products in science, mathematics and engineering for K-12 education, building on a core program of K-12 education programs at NASA Centers and expanding to a broad outreach program to education product developers in academia and the private sector.

Advanced Communications Technology Satellite

Question 5: What are the current plans for demonstrations and experiments on the ACTS?

Answer 5: The Advanced Communications Technology Satellite (ACTS) Experiments Program gives industry, academic, and government organizations an opportunity to investigate new ways of communicating. In conjunction with industry, NASA has developed the ACTS and an extensive network of ground stations to test and prove pioneering communications concepts and technologies that will advance cheaper, on-demand communications. NASA plans to use the ACTS and its system of forty-nine ground stations to support seventy-five experiments involving eighty-seven Principal Investigators, Co-Investigators, and affiliated organizations. Of the experimenters, 44% are from industry, 30% from universities, and 26% from the government.

The Experiments Program will conduct technology verification investigations to prove the high-risk ACTS technologies and a balanced set of applications experiments to assess the commercial potential of the technology. Experiments have been proposed and approved to investigate the benefits to:

- o business, through improved networking techniques and satellite-delivered ISDN (integrated services digital network) services;
- o health care, by testing delivery of diagnostic and patient care services;
- o education, from the creation of real-time, distance learning networks with universities and businesses;
- o national defense, by supporting more sophisticated battlefield communications that include imagery as well as voice and data;
- o emergency/disaster relief, from the restoration of points in the fiber network with

- o ACTS ground stations and through anywhere, anytime mobile communications; and the information superhighway and the state-of-the-art in high-rate communications, through high data rate experiments that will connect terrestrial networks involved in the High Performance Computing and Communications (HPCC) initiative. NASA and the Advanced Research Projects Agency are jointly sponsoring this effort to test the networking of supercomputers for scientific research, modeling and manipulation of high-definition imagery, and transmission of very large databases.

The development of the ACTS has already prompted a number of significant business ventures on the part of industry. Motorola's IRIDIUM project, a planned multi-billion dollar satellite system, will utilize the on-board baseband switching technology developed for ACTS. IRIDIUM also will use the Ka-band frequency for gateway operations and inter-satellite crosslinks, capitalizing on the Ka-band component technologies developed for ACTS. Norris Communications has been authorized by the FCC to provide Ka-band service with a satellite system (NorStar) that draws heavily on ACTS architecture. Calling Communications, in partnership with McCaw Cellular Communications (of which AT&T owns 30% and is tendering an offer to buy), has indicated their intent to the FCC of applying for a license to offer global, satellite-based telephone services with a system of 840 low-earth orbiting satellites which will operate in the Ka-band frequency.

The ACTS philosophy of industry partnership and involvement will continue through the experiment phase of the program. This philosophy is a keystone of the post-ACTS communications planning underway within the Office of Advanced Concepts and Technology.

Education

Question 6: I believe that NASA can perform a particular service in the education field. First, it is a mission oriented agency. Secondly, it has a special ability to inspire our young people. What do you see as your primary education initiatives in FY 1994?

Answer 6: NASA's primary education initiatives for FY 1994 are outlined in NASA's Strategic Plan for Education, 1993-1998. This strategy supports the National Education Goals; the Federal Coordinating Council on Science, Engineering, and Technology Committee on Education and Training (FCCSET/CET) implementation priorities; and, the emerging national education standards. Building on the strength of our existing program base -- those programs judged to be effective, based on internal and external customer measures of success -- NASA contributes to educational excellence and supports the national education reform movement.

Precollege Education: We are reviewing, evaluating, and where necessary, revising our precollege education programs. Elementary and secondary programmatic endeavors include extensive retraining of personnel involved with NASA outreach programs, curriculum reform, and increasing underrepresented student and teacher participation.

Higher Education: We are reviewing and evaluating our higher education programs. In addition, we are implementing broad-based institutional programs, which include finalization of a five-year Space Grant strategic plan, with an emphasis on evaluation. Selections in the first competition of NASA's Experimental Program to Stimulate Competitive Research (EPSCoR) program will be announced in FY 1994. Finally, increased emphasis on participation in various on-line electronic services, providing increasing access to information on NASA research and education programs, is a dissemination priority.

NASA's Strategic Plan for Education

A Strategy for Change: 1993-1998

First Edition, December 1992

EP-289

Executive Summary

NASA's Education Vision is:

To promote excellence in America's education system through enhancing and expanding scientific and technological competence.

In doing so, NASA strives to be recognized by the education community as the premier mission agency in support of the National Education Goals and in the development and implementation of education standards.

To realize this Vision, NASA has clearly defined and developed three specific goals to promote excellence in education. Specific objectives and milestones are defined for each goal in the body of this strategic plan.

Goal 1:

To maintain that segment of NASA's current education program—hereinafter referred to as the base or core program—that is judged to be effective, based on internal and external customer measures of success. Such maintenance involves individual program revision, expansion, or elimination.

Goal 2:

To implement new education reform initiatives which specifically address NASA mission requirements, national education reform, and FCCSET priorities.

Goal 3:

To significantly expand the impact of the NASA education program by developing partnerships with external constituencies.

This Plan also delineates three "enabling systems" which support all of NASA's education programs and contribute to the achievement of the goals.

Evaluation

Provides agency direction and plans to ensure documentation of program outcomes (both short term and long term).

Educational Technology

Outlines objectives to ensure that we maximize our limited resources and expand the delivery of programs and materials to the broadest possible audience through the appropriate use of educational technologies.

Dissemination

Provides a three-component systems approach to ensure that information and materials are known by and available to the broadest possible segment of the educational community.

Executive Summary

In order to implement the strategy, four broad-based management priorities have been identified to guide the process of change:

1. To use "A Strategy for Change: 1993-1998" as a programmatic and management tool for developing a consensus direction for NASA's education program.
2. To implement an Agency program planning and budgetary process for the NASA Education Program and to transition from a support (functional management) approach to a program (operational) approach for planning, management, and budget.
3. To identify, articulate, and employ an integrated strategy to significantly increase ethnic and gender diversity in the science and technology pipeline.
4. To provide comprehensive staff development opportunities to ensure our employees and contractors have the proper knowledge and competencies to implement this strategic plan and reach NASA's Education Vision.

Executive Summary

NASA's Strategic Plan for Education

A Strategy For Change: 1993-1998

Our Vision:	To promote excellence in America's education system through enhancing and expanding scientific and technological competence
Goals to Reach Our Vision	1) To review and maintain base 2) To implement new initiatives (education reform/FCCSET-CEHR) 3) To expand impact through partnerships
Enabling Systems Supporting Each Goal	• Evaluation • Educational Technology • Dissemination
Management Priorities to Guide the Change Process	• To use the Strategic Plan as a programmatic and management tool • To implement an agencywide formal program planning and budgetary process • To significantly increase ethnic and gender diversity • To provide comprehensive staff development

Preface

It is NASA's policy to use its inspiring mission, its unique facilities, and its specialized workforce to conduct and facilitate science, mathematics, engineering, and technology education programs and activities.¹ These efforts are directed toward ensuring a sufficient talent pool to preserve NASA and U.S. leadership in aeronautics, space and Earth science, and technology and to help meet the National Education Goals. NASA's education efforts are implemented through two broad objectives:

- a. Elementary and Secondary Level: To use NASA's mission to enhance the content knowledge, skills, and experience of teachers, to capture the interest of students, and to channel that interest into related career paths through the demonstration of integrated applications of science, mathematics, technology, and related subject matter.
- b. Higher Education Level: To provide undergraduate and graduate student incentives and opportunities and to support faculty preparation and enhancement through programs featuring active participation in NASA research.

NASA's education program is implemented by a strong internal management structure with a clear direction for the future. Leadership and coordination of NASA's education program is the responsibility of the Associate Administrator for Human Resources and Education, reporting to the NASA Administrator. Within this office, the Education Division has Agency responsibility for policy development, management oversight, coordination, and direction of NASA's education program.² To ensure close coordination, communication, and sound management of education programs agencywide, each NASA Program Associate Administrator and each NASA Field Center Director has designated a single individual to serve as the focal point for that Office's or Field Center's education program.

This Strategic Plan for Education:

- Establishes general Agency direction and guidance for the implementation and management of NASA's education programs for the next five years.
- Provides an ongoing process for targeting and re-directing NASA education programs in support of national education reform efforts, including the National Education Goals and the FCCSET/CEHR Strategic Objectives and Implementation Priorities.
- Provides an Agency strategy from which NASA Centers will each initiate a Center-specific education plan to provide a basis for Center program evaluation, direction, and resource analysis and formulation.
- Provides a single, comprehensive Agency document which communicates NASA's goals and priorities to educational associations, aerospace education entities, NASA contractors, and other government agencies.
- Provides an internal communication and guidance document to NASA organizations and its employees.

¹Appendix A contains the authority for this policy as derived from The National Aeronautics and Space Act of 1958, as amended

²Appendix B contains organization charts for the Education Division and the Office of Human Resources and Education

Background

NASA and the Nation's education system share the same goals—exploration, discovery, the pursuit of new knowledge—and achievement of those goals is interdependent. NASA depends on the U.S. education system to produce a skilled and knowledgeable workforce. The education community, in turn, uses the space program to motivate and encourage students to study science, mathematics, engineering, and technology and to offer students and educators unique research experience in those fields.

The release of "A Nation at Risk"³ in 1983 gave rise to hundreds of studies pointing to the need for fundamental improvements in our educational system. During the same period, NASA's education program underwent similar scrutiny in response to increased demand on our programs by both NASA management and the education community. The number and variety of new initiatives reflect an unprecedented importance placed on education both within NASA and across the Nation. Our challenge is to meet the growing demands placed on NASA's education program, both by our internal and external customers, while maintaining an effective base of established programs and ensuring that our efforts are aligned with, and responsive to, the scope and direction of the national education reform efforts. As the Nation reassesses and reaffirms its commitment to education, so must NASA.

National Education Goals

Implicit in improving the U.S. education system is the need for the Federal government, the private sector, and state and local governments to focus their efforts toward the accomplishment of a set of national education goals. In September 1989, the President met with the Nation's governors in Charlottesville, Virginia to discuss the education crisis. Various Department Secretaries and the NASA Administrator participated in this historic summit which outlined the National Education Goals.⁴ These six goals include: enhancing student achievement and citizenship; making U.S. students first in the world in science and mathematics achievement; and advancing adult literacy and lifelong learning.

FCCSET/CEHR

In order to define the role of the Federal government in the implementation of the National Education Goals as they relate to science, mathematics, engineering, and technology, the Science Advisor to the President formed an interagency committee of those Federal departments and agencies whose missions are dependent upon a highly skilled science, engineering, and technology workforce. The Committee on Education and Human Resources (CEHR) was established in 1990 and chartered under the Federal Coordinating Council on Science, Engineering, and Technology (FCCSET).⁵ CEHR has developed a Federal strategy for science, mathematics,

³*National Commission on Excellence in Education: A Nation At Risk: The Imperative for Educational Reform*. Washington, DC: U.S. Department of Education, 1983.

⁴*The National Education Goals are outlined in Appendix C.*

⁵See Appendix D for FCCSET/CEHR membership.

Background

engineering, and technology (SMEI) education that will ensure U.S. world leadership in science and technology, build a highly trained workforce, and increase public understanding of science. The CEHR strategy delineates the following strategic objectives:

FCCSET/CEHR

Strategic Objectives

1. Improved science and mathematics performance;
2. Strong elementary and secondary teacher workforce;
3. Adequate pipeline for the science and technology workforce, including greater ethnic and gender diversity in science, mathematics, engineering, and technology education (e.g., African Americans, Hispanics, Native Americans, Pacific Islanders, women, and persons with disabilities); and
4. Improved public understanding of science.

Realizing fiscal constraints and the need to prioritize educational programs and activities at the Federal level, CEHR also established specific educational program implementation priorities. These implementation priorities address the FCCSET/CEHR strategic objectives and serve to guide NASA's education programs.⁶

Elementary and Secondary Education Reform

National education reform cannot be realized through Federal commitment alone. Approximately 6% of the total spending for elementary and secondary education comes from Federal sources.⁷ Most of the remainder is supplied by local and state governments. Therefore, reform of the education system must be led by local, state, and national education organizations, supported by local, state, and Federal governments, and ultimately, implemented by school administrators and classroom teachers.

There are two key components to effect elementary and secondary education reform.

1. Standards.

A number of national education organizations are developing a consensus on what students should know and what preservice teachers should be taught. The element common to all of these efforts is the establishment of standards: learning standards, teaching standards, and assessment standards.

⁶FCCSET/CEHR Implementation Priorities are outlined in Appendix D.

⁷FCCSET Committee on Education and Human Resources. *By the Year 2000: First in the World*. Washington, DC: Office of Science and Technology Policy, 1991, p 1.

Background

The Department of Education is playing a leading role in the elementary and secondary education reform effort. The Assistant Secretary of Education defined the need for standards:

... We do not need a national curriculum to stimulate high achievement. **What we do need is clear consensus — standards —** in the different subject fields about what all children should know and be able to do. Standards define outcomes: for example, children of certain ages should understand the historical causes of major events, should be able to use mathematics to solve problems, and should understand basic scientific concepts. **The states themselves must decide the curriculum and policies that will produce those outcomes.** ...⁸

The development of world class standards in mathematics has been completed by the National Council of Teachers of Mathematics (NCTM). Science standards are under development by the National Committee on Science Education Standards and Assessment in concert with the National Science Teachers Association. This process is being coordinated through the National Research Council, Coordinating Council for Education.

2. Curriculum Frameworks.

National education standards will become the basis from which states may develop curriculum frameworks (guidelines) in the various subject areas. Many states have already developed curriculum frameworks to support the NCTM mathematics standards. However, the task of developing national standards through consensus as well as state-by-state curriculum frameworks is a long and arduous one. NASA, in a supportive role, will seek out those organizations developing curriculum frameworks at the national and state level and provide linkage to the scientific, engineering, and educational expertise of the Field Centers. Once established, standards and the resultant curriculum frameworks will become the baseline for all of NASA's elementary and secondary education programs and materials.

Higher Education Reform

There has been far less public attention to higher education than to the elementary and secondary level in the national debate over revitalization of science, mathematics, engineering, and technology education. Still, in recent years several studies and reports conclude with similar priorities.

While there are certainly important issues to be addressed in graduate education, reform oriented concern focused primarily on undergraduate education. Specifically, these reports address:

- the need for undergraduates to be actively involved in research experiences;
- the need for assigning introductory or survey courses that promote science literacy for all students;

⁸Office of Educational Research. *OERI Bulletin*. Washington, DC: U.S. Department of Education, Winter 1991-92, p. 2

Background

- the need to recruit and retain persons who represent the diversity of the nation into science, engineering, and technology fields; and
- the need to achieve a better balance between the research and educational roles and responsibilities of science and engineering faculty.

Similarly, the 1994 FCCSET/CEIR Priority Framework lists the revitalization of undergraduate education (curriculum development and faculty enhancement) as a high priority.

U.S. graduate education, which is generally regarded as the best in the world, is the cornerstone of our research and development base. Therefore, although the need for revitalization at the graduate level may not seem as urgent, there are a number of issues that demand increased attention.

Graduate needs include:

- reversing the declining participation of U.S. citizens in science and engineering;
- reversing the declining Federal role in supporting graduate students; and
- restoring deteriorating facilities and equipment.

Within the context of these national concerns, NASA's University Affairs Officers have identified topics appropriate for increased emphasis by NASA. These program priorities form the framework from which the higher education objectives in this report were derived.

**Implications For
NASA's Education
Program**

The urgent national need for education reform requires that NASA examine its education program *in toto*. No doubt this examination will dictate that some activities be eliminated and others expanded, redirected, or substantially revised. Change will require the broad participation of NASA Headquarters and Field Center personnel working with innovative educators across the country. Anticipating program redirection, the remainder of this plan describes the framework which will guide the necessary changes.

Strategy for Change

NASA's Education Vision

Our ability to develop a succinct strategy for the NASA education program of the future is dependent upon our Education Vision. Simply stated, NASA's Education Vision is:

To promote excellence in America's education system through enhancing and expanding scientific and technological competence.

In doing so, NASA strives to be recognized by the education community as the premier mission agency in support of the National Education Goals and in the development and implementation of education standards.

To realize this Vision, we have clearly defined and developed three specific goals to promote excellence in education

Goal 1:

To maintain that segment of NASA's current education program—hereinafter referred to as the base or core program—that is judged to be effective, based on internal and external customer measures of success. Such maintenance involves individual program revision, expansion, reduction, or elimination.

Goal 2:

To implement new education reform initiatives which specifically address NASA mission requirements, national education reform, and FCCSET priorities.

Goal 3:

To significantly expand the impact of the NASA education program by developing partnerships with external constituencies.

These three primary goals are identified to systematically guide NASA's education program toward its Vision. Each goal has several objectives and milestones to guide our actions. The highest priority, maintaining the base, seeks to review our current education programs and revise, expand, or delete such programs based on customer measures of success. Objectives cited under this goal, currently underway in most cases, are funded within the approved FY 1993 budget and subsequent fiscal year runouts.

The second priority addresses specific reform initiatives, directly related to the FCCSET/CEHR strategic plan and national education reform. Objectives supporting achievement of this goal are either planned for within projected budgets in FY 1994 or provide the basis for budget formulation in FY 1995 or beyond.

The third priority addresses the need to expand the impact of NASA's education program by strengthening partnerships with specific external constituencies. Again, objectives supporting achievement of this goal are either planned within the projected FY 1994 budget or provide the basis for budget formulation in FY 1995 or beyond.

Following the goals, this strategic plan delineates three enabling systems that support all three goals. The first enabling system, evaluation, provides agency direction and plans to ensure that both short term and long term program

Strategy for Change

outcomes are documented. Educational technology, the second enabling system, outlines objectives to ensure that we maximize our limited resources and expand the delivery of programs and materials to the broadest possible audience. The third enabling system, dissemination, provides a three-component system approach to ensure that information and materials are known by and available to the broadest possible segment of the education community.

Program Principles

In pursuing our Vision, all NASA education programs will adhere to the following principles

Primary:

- NASA education programs will promote educational excellence.
- All education programs will demonstrate applications to and support of results-oriented, standards-based national education reform efforts, including the National Education Goals and the FCCSET/CEIR strategic objectives.
- Exemplifying ethnic and gender diversity, representatives of professional education organizations and external education constituencies will participate in the decision-making process for the design and implementation of NASA's education programs.

Secondary:

- Where feasible and warranted by program objectives, a database tracking system will be used to follow participants' educational and career choices.
- Mission-related research and development will be an integral component of all higher education programs. To the extent that they can be accommodated, students and faculty will spend time at NASA Centers.
- Where practical and beneficial, programs will be leveraged with funding or in-kind contributions of outside organizations.
- To the maximum extent, the Space Grant network will be utilized to help carry out appropriate program priorities.
- Evaluation and continuous improvement will be key components of all programs. Each program will have precisely worded and measurable objectives, based on customer measures of success.
- To the maximum extent, dissemination of education programs and materials will utilize state-of-the-art technology.
- Teacher enhancement programs will emphasize student-centered pedagogies; student programs will emphasize problem-solving and cooperative endeavors. Both will be supported by the skills, tools, and technologies necessary for those practices.

Maintaining Base Programs
Goal 1:

To maintain that segment of NASA's current education program—hereinafter referred to as the base or core program—that is judged to be effective, based on internal and external customer measures of success. Such maintenance involves individual program revision, expansion, or elimination.

Strategy for Change
Elementary and Secondary

NASA offers a wide variety of base education programs to meet the myriad needs of educators and students from grade school through postdoctoral research. These programs are based on a solid and productive relationship with our customers and form the foundation of NASA's education program.

At the elementary and secondary level, our education programs use NASA's mission to demonstrate the integrated applications of science, mathematics, technology, and related subject matter by expanding curricula and providing instructional opportunities for teachers and students.

NASA's national base program for elementary and secondary education includes: the Aerospace Education Services Program, teacher inservice workshops (e.g., NEWMAST, NEWEST, and Center-developed workshops); the Space Science Student Involvement Program; science and engineering fairs; school partnership programs; and the Summer High School Apprenticeship Research Program. These programs are administered through the NASA Field Centers.

Objective:

To review all elementary and secondary education programs to ensure that they support the National Education Goals; serve to maintain and, as necessary, expand the pool of scientists, engineers, and technicians; and provide incentives and opportunities for awareness and pursuit of careers as scientists, engineers, and technicians.

Milestones:

- Develop an accepted set of standards for program review based on accepted measures of success. (Completed)
- Review each national program using the accepted standards. (Underway)
- Review the evaluation results against the NASA Education Strategy and revise programs where indicated. (FY 1993)
- Initiate a review of elementary and secondary programs at the Field Centers. (FY 1993/1994)

Objective:

Establish Review Committees for all national programs.

Milestones:

- Establish Review Committees for all national base elementary and secondary education programs. Each committee will be comprised of representative customers and ethnically diverse groups and interests. (FY 1993)
- Review Committees will conduct program reviews and provide annual assessments beginning in FY 1994. (FY 1994)

Strategy for Change

Objective:

Strengthen the Aerospace Education Services Program through staff development activities including Center mission program support, educational technology utilization, and pedagogical principles and techniques.

Milestones:

- Design training program. (FY 1993)
- Establish training locations and conduct all aspects of training. (FY 1993-1994)
- Implement training results nationwide in school programs and inservice teacher workshops. (FY 1994-1997)

Objective:

Increase the annual participation in our teacher enhancement programs, including the NASA Educational Workshops for Elementary School Teachers (NEWEST), the NASA Educational Workshops for Mathematics, Science, and Technology Teachers (NEWMAST), and Center-sponsored inservice workshops.

Milestones:

- Determine alternative methods to increase participation. (FY 1993)
- Evaluate the programs for consistency in quality before and after expansion. (FY 1993 and FY 1994)
- Establish baseline data, including program characteristics, for Field Center teacher enhancement programs. (FY 1993)
- Make available Headquarters funding to increase participation in Center teacher enhancement programs. First priority will be those NASA Centers requesting funding; second priority will be Space Grant institutions. (FY 1994-1998)
- Include a pre-K component in the NEWEST program. (FY 1993-1994)
- Increase annual NEWEST and NEWMAST participation from 200 to 300 teachers. (FY 1994)

Objective:

Revise the Space Science Student Involvement Program (SSIP) to include components for the lower grades (3-12); to include problem-solving and teamwork concepts and activities; to feature mathematics and technology, as well as science; and to include activities at the secondary level to involve Moon/Mars expeditions and internship opportunities for Space Station Freedom, microgravity, wind tunnel, and supercomputer components.

Milestones:

- Expand participation to include all 50 states with special emphasis on urban areas and target populations. (FY 1993)
- Conduct four regional and four internship competitions and one national program to review winning proposals and present awards. (FY 1993)
- Award four additional internships. (FY 1994)

Strategy for Change
Objective:

Expand the Summer High School Apprenticeship Research Program (SHARP) to all Field Centers and complete implementation of a database tracking system.

Milestones:

- Conduct SHARP at eight NASA Field Centers. (FY 1993)
- Conduct SHARP at nine NASA Field Centers. (FY 1994)
- Increase annual participation from 200 to 250 students. (FY 1995)
- Show current progress of all students who have participated in the program with particular attention to those who have been hired by NASA installations. (FY 1995)

Objective:

Conduct education workshops and conferences that focus on education issues, interdisciplinary activities, and teaching practices, using the NASA mission as a common theme.

Milestone:

- Conduct educator conferences and workshops each year that bring together educators and education leaders to highlight education issues and the NASA mission. Active participation of culturally diverse groups in all NASA education conferences will be emphasized. (FY 1993)

Objective:

Review NASA's current participation in local, state, and regional science and engineering fairs, National Engineers Week, and other engineering and technology programs.

Milestones:

- Develop an inventory of employee participation in such programs. (FY 1994)
- Establish baseline data for agencywide participation. Develop Agency strategy to equalize, maintain, or enhance participation in these programs where indicated. Strategy will also address agency reporting and tracking issues. (FY 1995)
- Implement strategy. (FY 1996)

Objective:

Review annually, and expand as warranted, NASA's preservice education programs.

Milestones:

- Identify Field Center preservice programs and activities. (FY 1993)
- Expand the Pre-Service Education Program to 12 higher education institutions. (FY 1993)
- Implement the Endeavour Fellowship Program for preservice teachers. (FY 1993)

Strategy for Change

- Expand the PreService Education Program to 40 higher education institutions. (FY 1997)
- Conduct national workshops periodically so that higher education institutions may disseminate approaches and materials used in the development of NASA-supported preservice programs. (FY 1994 and FY 1997)

Objective:

Determine current level of effort of NASA's partnership programs at HQ and Field Centers.

Milestones:

- In cooperation with the National Service Office, develop a process at Headquarters and at the Field Centers to recruit personnel interested in working with schools and students in the classroom. The process will include program guidelines and recommendations for training and materials support. (FY 1993)
- Develop an inventory of employee participation in such programs. (FY 1993)
- Establish baseline data for agencywide participation. Develop Agency strategy to equalize, maintain, or enhance partnership school programs where indicated by inventory. (FY 1994)
- Implement a feeder school strategy (to include at least one elementary, one middle, and one high school participant in each partnership) at each Field Center and Headquarters. (FY 1995)

Higher Education

At the higher education level, NASA's programs provide student incentives and opportunities and support faculty preparation and enhancement through direct participation in research. The base program for higher education includes: The NASA/USRA Advanced Design Program; the Graduate Student Researchers Program, including the Underrepresented Minority Focus component; the Summer Faculty Fellowship Program; the National Space Grant College and Fellowship Program; and the JOint VEnture Program (JOVE). Specific modifications to these programs will be addressed in this plan or subsequent to planned program assessments. Programs are administered locally through a network of Center University Affairs Officers. The first objective in this section addresses the larger role these officials play in NASA's relationship with the higher education academic community.

Objective:

Strengthen the relationship between NASA and higher education institutions by:

- a. providing, through the University Affairs Officers network, a central point of information and access for academic personnel;
- b. monitoring issues of significant concern to the academic community; and
- c. developing or supporting mechanisms to facilitate access to and communication with NASA.

Milestones:

- Publish and distribute a "user's manual" for the higher education community. (FY 1993)

Strategy for Change

- Update and modernize the University Management Information System. The data will become the source for reports and responses to ad hoc inquiries. (FY 1993)⁹
- Fund one or more Special Faculty Fellowships to analyze and make recommendations regarding concerns of the higher education community as they relate to the education of engineers and scientists. (FY 1991)
- Maintain comprehensive knowledge of programs, activities, and resources and serve as first point of contact for university personnel without other NASA affiliation. (FY 1993 and continuing)
- The National Space Grant College and Fellowship Program network will develop mechanisms and systems to provide NASA linkages and serve as liaison to the academic community within each state, particularly those geographically remote from NASA Field Centers. (FY 1993 and continuing)
- Explore the development and implementation of systems to facilitate, enhance, and expedite NASA/university interaction (e.g., electronic communications technology for proposal development, submission, review and award processes.) (FY 1994 and continuing)

Objective:

Evaluate the Graduate Student Researchers Program.

Milestones:

- Implement database. (FY 1993)
- Conduct a comprehensive evaluation of the Graduate Student Researchers Program to determine customer measures of success, including: graduation/completion rates, ethnic and gender characteristics, reasons for non-completion, appropriate mix of disciplines (in cooperation with program offices and centers), adequacy of stipend, value of Center experience, quality of advisors and NASA colleagues, immediate career moves of those who graduate. (FY 1994)
- Initiate appropriate revisions as dictated by the evaluation. (FY 1996)

Objective:

Define, develop, and implement the strategic five-year program plan for the National Space Grant College and Fellowship Program.

Milestones:

- Evaluate the draft plan developed by Space Grant Directors Council. (FY 1993)
- Obtain input from program offices, Centers, and Space Grant Review Panel. (FY 1993)
- Finalize plan and develop five-year implementation schedule. (FY 1993)

⁹See p. 35, *Program Evaluation*

Strategy for Change

- Develop, with University Affairs Officers, individual Center roles and responsibilities. (FY 1994)
- Oversee plan implementation. (FY 1994-1998)

Objective:

Assess the progress and effectiveness of the National Space Grant College and Fellowship Program.

Milestones:

- Convene a Space Grant Directors' strategic planning meeting. (Completed)
- Conduct a comprehensive five-year review for the National Space Grant College and Fellowship Program to include a review of Headquarters and Center program management as well as an evaluation of the performance of each consortium. (FY 1995)
- Determine program revisions and consortia recertification/decertification. (FY 1995)
- Implement and oversee program revisions based on evaluation findings. (FY 1996)
- Implement management changes based on evaluation findings. (FY 1996)

Objective:

Review the effectiveness of the National Research Council (NRC) Resident Research Associateship Program.

Milestones:

- Conduct a five-year review of the NRC Resident Research Associateship Program in accordance with measures of success to be determined by the Office of Space Science and Applications and the Office of Aeronautics and Space Technology. (Early FY 1997)
- In collaboration with the NRC, determine appropriate revisions in program administration and direction following review of the report. (Mid FY 1997)
- Initiate, oversee, and monitor program revisions. (Late FY 1997)

Objective:

Review the effectiveness of the NASA/USRA Advanced Design Program.

Milestones:

- Conduct a five-year review of the program in accordance with measures of success to be determined by the Office of Aeronautics and Space Technology (OAST) and the Office of Human Resources and Education. (FY 1994)
- In collaboration with USRA and OAST, determine appropriate revisions in program administration and direction following review of report. (FY 1994)
- Initiate, oversee, and monitor program revisions. (FY 1994)

Strategy for Change

The "base" is the foundation of NASA's education program. Although these programs have been extremely successful over the years, we recognize the need to review and evaluate their continuing relevance to the changing needs of students and educators.

Therefore, in addition to sustaining the base program, NASA will next address areas of additional need by augmenting existing programs and developing new ones that specifically support national education reform efforts. While the base program directly supports NASA mission requirements, NASA also supports broader education efforts to improve education nationwide. These efforts will become the basis for budget formulation in FY 1995 and beyond.

Reform Initiatives To Promote Excellence In Education

Goal 2:

To implement new education reform initiatives which specifically address NASA mission requirements, national education reform, and FCCSET priorities.

Many of these reform initiatives provide the basis for budget formulation in FY 1995 and beyond. This section is divided in three categories:

- Elementary and Secondary
- Higher Education
- Public Understanding of Science

Elementary and Secondary

At the elementary and secondary level, reform initiatives to promote excellence and equity in education are specifically targeted towards supporting local, state, and national efforts to achieve the National Education Goals, including support of state curriculum frameworks and national standards for teaching and assessment.

General.

This category is included for program initiatives that contain reform activities and efforts that may not clearly fit under the teacher enhancement, curriculum, organization and systemic reform, or student opportunities and incentives categories that follow.

Objective:

Provide to Aerospace Education Services Program (AESP) specialists knowledge, skills, and experience for aligning presentations and programs with formats which cover current principles and practices in education reform.

Milestones:

- Design, develop, and conduct staff development programs for all AESP specialists to acquaint them with major aspects of education reform at the national, state, and local levels. Emphasize curriculum frameworks, standards for teaching, and performance assessment. (FY 1993-1994)
- Update training in two-year intervals. (FY 1996)

Strategy for Change
Objective:

Initiate a broad program of "Teaching From Space" to demonstrate that space exploration and research is an ideal context in which to generate educational benefits, learning situations, and opportunities for participatory science, mathematics, and technology. Note: many of the other objectives throughout this plan may be grouped under the theme "Teaching From Space."

Milestones:

- Conduct periodic national curriculum-based educational activities that engage students and teachers in some aspect of "Teaching From Space"—e.g., the Space Exposed Experiment Developed for Students (SEEDS), Ground Truth Studies, satellite data analysis, and Get-Away Special payloads.
 - Identify and assess national activities. (FY 1994)
 - Select program activity with necessary resources—e.g., lead Center, etc. (FY 1995)
 - Conduct program. (FY 1996)
 - Continue to plan for a Teacher-in-Space Space Shuttle flight opportunity until a decision is made to implement or cancel this program element.
 - Enhance the educational components and academic content of the teaching plan. (Completed)
 - Refine the management plan for the implementation of the national education program. (FY 1994)
 - Continue Teacher-in-Space Designee's national education/public outreach activities, and keep current her knowledge of NASA mission and program developments. (Continuing)
 - Refine existing Payload Integration Plan. (Continuing)
- Expand educational opportunities offered through the Johnson Space Center Education Working Group (EWG), in collaboration with the Education Division.
 - Develop and implement the Flight Crew Operations Directorate (FCOD) Educational Initiative Operating Plan. (Completed)
 - Establish a Detailed Supplemental Objective (DSO) to support educational activities onboard the Space Shuttle, including preflight training requirements. (Completed)
 - Continue to develop the Liftoff to Learning videotape series to enhance curriculum content. (Continuing)
 - Continue to develop printed materials to complement all electronic media educational products developed through the EWG. (Continuing)
 - Develop and implement live lessons from the Orbiter when the proposed educational activities cannot be accomplished on the ground and the lesson objectives cannot be met with a simple live downlink or a postflight videotape. (Continuing)

Strategy for Change

- Establish an education plan with the Office of Space Flight to maximize the educational value of the Get Away Special (GAS) Small Self-Contained Payloads.
 - Develop proposal guidelines (including costs) for educational institutions interested in developing and flying elementary, secondary, and higher education student experiments. (Completed)
 - Disseminate guidelines nationally and announce opportunities for education-based GAS payloads. (FY 1993)
 - Develop schedule and begin manifesting GAS payloads. (FY 1994-1997)
- Establish a long-range education plan for the continued use of the Shuttle Amateur Radio Experiment (SAREX) onboard future Space Shuttle missions.
 - Identify guidelines (including costs) to expand the educational benefits of the SAREX payload (under the auspices of the SAREX Education Working Group). (Completed)
 - Develop, print, and disseminate program information materials for educators. (FY 1993)
 - Broaden the participant base through dissemination of program information (announcements of opportunity, etc.). (FY 1993)

Objective:

Develop, pilot test, and implement a comprehensive education plan, in cooperation with the Office of Space Science and Applications, Earth Systems Division, the Goddard Space Flight Center, and the Jet Propulsion Laboratory for educational programs and curriculum materials based upon Mission to Planet Earth.

Milestones:

- Develop a cooperative ground truth studies program for grades K-12, involving participation by scientists, educators, and students. (FY 1994)
- Implement the Space Technology Education Program (STEP) for classrooms to have direct readout capability from the NASA-developed, NOAA-operated meteorological satellites. (FY 1994)
- Study the feasibility of utilizing NASA Select and Spacelink to deliver a distance education course in Earth systems science for science teachers. Implement the course if feasible. (FY 1994-1995)
- Complete "Interactive NOVA: Earth," a videodisc-based curriculum package in Earth systems science. (FY 1994)

Teacher Enhancement.

Immediate upgrading of the existing teacher workforce is necessary to improve student performance. NASA programs will focus on both subject content and pedagogical skills. These programs will meet accepted teaching standards, respond to ethnic and gender diversity, and expose teachers to curriculum standards, high quality instructional materials, and state-of-the-art disciplinary research and educational technologies. Teacher enhancement is NASA's highest priority in elementary and secondary education.

Strategy for Change
Objective:

Expand and create new mechanisms for tripling the number of teachers provided with high-quality, hands-on inservice experiences at Field Centers and non-center based sites by FY 1998.

Milestones:

- Through consultation with the Field Centers, develop a goal and strategy for significantly increasing NASA teacher enhancement opportunities as NASA's contribution to this CEIR strategic milestone. (FY 1993)
- In response to the above, provide inservice training opportunities for elementary and secondary teachers through varied approaches and mechanisms including workshops, classroom follow-up, and technological means. (FY 1995 and continuing)

Objective:

Increase the ethnic diversity in teacher programs by expanding the participation of teachers who are African American, Hispanic, Native American, or Pacific Islander in NASA's teacher enhancement programs.

Milestones:

- Establish benchmarks (from FY 1992 level of participation) by which future programs can be measured. (FY 1993)
- Increase level of participation in agency teacher enhancement activities by 50% over the baseline (FY 1992) level. (FY 1995)
- Increase level of participation in agency teacher enhancement activities by 100% over the baseline (FY 1992) level. (FY 1997)

Objective:

Increase participation of teachers from urban and rural school districts that enroll large numbers of educationally and economically disadvantaged youth.

Milestones:

- As part of each national education program, develop a strategy for recruiting teachers from programs in these target areas. (FY 1994)
- Develop baseline data for these target groups. (FY 1996)
- Quadruple participation from these areas. (FY 1998)

Curriculum.

NASA-sponsored curriculum enrichment materials for teachers will emphasize active student participation, strengthen problem-solving skills, and accommodate student diversity. They will incorporate educational technologies where appropriate.

Strategy for Change
Objective:

Develop supplemental educational materials which support and encompass curriculum and teaching standards consistent with frameworks and principles of education reform and reflective of ethnic and gender diversity.

Milestones:

- Coordinate supplementary curriculum development efforts among Headquarters and Field Centers. (FY 1994)
- Develop high quality education materials for use by all elementary and secondary classroom teachers. (FY 1993-1998)
- Draft, field test, revise, and implement an agencywide evaluation system for identifying needed curriculum materials and evaluating proposed materials. (FY 1994)
- Develop all agency supplemental education materials in conformance with curriculum standards and education reform frameworks, being sensitive to the ethnic and gender diversity of students and promoting problem-solving, hands-on approaches, critical thinking skills, cooperative learning strategies, and multiple intelligence strategies. (FY 1994)
- Disseminate these materials via agency dissemination systems and networks (i.e., NASA Select and NASA Spacelink). (FY 1995)

Objective:

Develop and modify out-of-school programs—e.g., after and before school programs, Saturday academics, summer institutes, museum and planetarium programs, etc., to coordinate and support formal school instruction

Milestone:

- All out-of-school programs will be developed or revised to support school instruction programs in accordance with education reform standards as they exist. (FY 1995)

Objective:

Produce supplementary curriculum materials using software and multimedia products. Identify and disseminate technology-based curriculum software developed with NASA sponsorship through activities such as the Space Grant program. These software curricula packages may include: (1) computer-assisted instruction programs, (2) computer simulations, (3) databases, (4) videodiscs, (5) CD-ROM databases, (6) videotapes, and (7) multimedia systems.

Particular attention will be given to the production of mission-related programs. These programs will use a specific NASA mission as the theme for technology-based programs to demonstrate aerospace education principles which can be easily integrated into the curriculum. As an example, the Liftoff to Learning series of videotapes produced in conjunction with the Education Working Group of the

Strategy for Change

Johnson Space Center will be continued. Additionally, a multimedia program, Interactive NOVA: Earth, consisting of a videodisc with integrated computer software, will be produced on the subject of Earth Systems Sciences.

Milestones:

- Produce at least one Liftoff to Learning tape each year. (FY 1993/continuing)
- Complete "Interactive NOVA: Earth." (FY 1994)
- Submit "Interactive NOVA: Earth" for textbook adoption in all relevant states. (FY 1995)
- Produce a biannual edition of Software for Aerospace Education. (FY 1995, 1997)

Organization and Systemic Reform

Nine percent of Federal elementary and secondary education resources are directed toward achieving effective systemic reform.¹⁰ The major Federal program to catalyze systemic reform is the National Science Foundation's (NSF) Statewide Systemic Initiatives (SSI) program. This program enables NSF to work with states to structure systems that can deliver high quality science and mathematics education for all students. NASA's elementary and secondary programs implemented at the Field Centers will observe and support systemic reform efforts at the state and local levels.

Objective:

Continue to develop, implement, and support the Tri-State Education Initiative (TSEI) as an exemplary model for NASA's role in education reform. This multi-state, regional program is designed to serve as a demonstration model for smaller scale replication in other geographic areas.

Milestones:

- Develop a strategic plan for systemic change as a model in the TSEI. (FY 1993-1994)
- Involve FCCSET/CEHR agencies, other state and local government organizations, and private industry in TSEI activities. (FY 1993)
- Evaluate the progress of the TSEI in supporting the National Education Goals. (FY 1997)

Objective:

Explore and develop linkages between existing Field Center education programs and states receiving NSF funding for SSI. These linkages should include elementary, secondary, and higher education programs.

Milestones:

- Two Field Centers will support selected states within their region that are receiving NSF funding for SSI. (FY 1993)

¹⁰Report of the FCCSET/CEHR Working Group on PreK-12 Education. May 15, 1992

Strategy for Change

- Five Field Centers will support selected states within their region that are receiving NSF funding for SSL. (FY 1995)
- All Field Centers will support selected states within their region that are receiving NSF funding for SSL. (FY 1997)

Objective:

Ensure that all elementary and secondary programs and activities comply with state and local guidelines and frameworks in order to contribute to systemic change.

Milestones:

- Inventory all elementary and secondary agency programs that support and promote systemic change. (FY 1995)
- Update inventory of these programs as they exist. (FY 1997)

Student Incentives and Opportunities.

The Federal agencies' efforts to support out-of-school experiences that provide learning opportunities for students beyond those available in school classrooms amounted to 7% of the FY 1992 budget for elementary and secondary education.¹¹ These experiences and opportunities included partnerships, award programs, and other programs conducted in museums, science and technology centers, and media and community-based organizations coupled with classroom learning opportunities. At the elementary level, NASA education programs will emphasize activities to capture students' interest in science, mathematics, and technology. Programs for secondary students will emphasize participatory experiences to channel their interest into related studies and careers.

Objective:

Increase the number of students served through internships, mentorships, apprenticeships, and summer research programs by increasing the capacity to provide such experiences through partnerships and interagency cooperation and collaboration. It is assumed that the Centers are currently at capacity.

Milestones:

- Expand the capacity for student incentive and opportunity programs by 5%. (FY 1995)
- Expand the capacity for student incentive and opportunity programs by 15%. (FY 1997)

¹¹Report of the FCCSET/CFHR Working Group on PreK-12 Education May 15, 1992

Strategy for Change

Objective:

Implement a nationwide career awareness program for students in grades 4-6 in cooperation with the American Counseling Association (ACA)

Milestone:

- Complete the development of the program and support the training of teachers and counselors to implement the program in all 50 states and the District of Columbia. (FY 1993-1994)

Objective:

Work with a national education organization to establish a culturally-diverse apprenticeship research program for secondary students in locations beyond the commuting distances to the Field Centers.

Milestones:

- Seek the cooperation of a suitable organization to form a partnership to design a non-Field Center based apprenticeship research program. (FY 1993)
- Develop the program. (FY 1994)
- Implement the program. (FY 1995-1997)

Higher Education

At the higher education level, initiatives will focus on expanding access to research opportunities for both individuals and institutions. We will place greater emphasis on research opportunities for undergraduate students and individuals who are African American, Hispanic, Native American, Pacific Islander, female, or disabled. At the institutional level, two-year colleges are an important segment of the education pipeline for scientists, engineers, and elementary and secondary mathematics, science, and technology educators. Moreover, these institutions play an important role in training technicians and increasing the scientific literacy of their students, regardless of academic major. NASA's programs will stimulate stronger linkages between two-year colleges, upper-division undergraduate sectors, and the communities they serve.

Institutional Development.

Seek to broaden, through wider inclusion and capability building activities and programs, the base of institutions and individuals with which NASA interacts.

Objective:

Initiate programs and activities that broaden the base of institutions with which NASA conducts research and education activities. Particular emphasis will be on the inclusion of community colleges, Historically Black Colleges and Universities (HBCUs), Other Minority Universities, and institutions which have had little or no research support from NASA.

Objectives specific to community colleges are:

Enhance the preparation of community college students and increase the percentage going on to science and engineering majors in four year institutions

Strategy for Change

Continue to emphasize two-year associate degree programs oriented to providing technicians for NASA and related aerospace organizations with attention given to local market demands.

Utilize the community college system as a means of reaching African American, Hispanic, Native American, Pacific Islander, disabled, returning, part-time, and economically disadvantaged students.

Utilize the community outreach capabilities of the community college system as a mechanism for creating adult cognizance of NASA programs and activities.

Milestones:

- Conduct a needs assessment survey; acquire and analyze information from community college students, faculty, and administrators about issues unique to community colleges. This analysis will aid in the development of pilot programs and activities to achieve community college objectives (FY 1994)
- Initiate projects based on information gleaned from the community college needs assessment survey. These projects will be initiated and implemented largely through Field Centers and Space Grant institutions to ensure that local needs are served and networks effectively exploited. (FY 1994-1998)

The following list is illustrative:

- Implement summer intern program and year-round activities (e.g., shadowing, apprenticeship, consulting) that use or involve scientists and engineers at NASA Field Centers.
- Integrate community college faculty into faculty enhancing programs (e.g., JOVE and the Summer Faculty Fellowship Program).
- Sponsor classroom projects and demonstrations and provide data, models, etc. for classroom use.
- Encourage and support articulation and joint admissions programs that facilitate the transfer of community college students to four-year institutions through incentives in the Space Grant program.
- Encourage and support faculty exchange and collaboration programs between two- and four-year institutions, primarily through Space Grant.
- Initiate scholarship programs, both for high school students applying to community colleges and for community college students applying to four-year institutions.
- Support satellite-transmitted courses to geographically dispersed institutions.

Objectives specific to other institutions are:

Seek, through programs such as JOVE and Space Grant, to help develop the research capabilities of institutions and states not currently involved in NASA programs.

Strategy for Change
Milestones:

- Implement projects to help develop the research capabilities of institutions and states not currently involved in NASA programs. (FY 1993-1998)
- Sponsor research infrastructure building workshops (e.g., proposal writing).
- Sponsor bidders' conference for program office opportunities appropriate to developing institutions.
- Support MU-SPIN type of information and matching database for Federal research community.
- Work through the EPSCoR Interagency Coordinating Committee to leverage and maximize other "EPSCoR" programs to full effect.
- Sponsor workshops, seminars, and programs that enable faculty from developing institutions to network with NASA and other faculty from research-intensive institutions.

Faculty Enhancement.

Teaching faculty, especially faculty concerned with freshmen and sophomores, are central to the success of undergraduate education in science, mathematics, engineering, and technology. They must be proficient in state-of-the-art technology and instrumentation, new experimental methods, and emerging pedagogical techniques. NASA will expand its programs to provide research-related experiences at university, Federal, and industrial laboratories for undergraduate faculty involved in teaching science, mathematics, engineering, and technology.

Objective:

Expand opportunities and activities that enhance faculty preparation for undergraduate teaching through adaptation of existing programs. These opportunities will expose faculty to advances in research, technology, instrumentation, experimental methods, and in how to transfer this knowledge in the classroom.

Milestones:**Space Grant College and Fellowship Program**

- Announce funding incentives to encourage and support collaborative research opportunities through the National Space Grant College and Fellowship Program basic grants. (FY 1994)

Summer Faculty Fellowship Program

- Conduct comprehensive evaluation of the Summer Faculty Fellowship Program, with particular emphasis on the program's impact on undergraduate education (course development/revision, especially documentation of same). (FY 1993)
- Conduct statistical analysis of participation by type of institution (e.g., community college, undergraduate institution, research-intensive institution) Establish goals and timetables based on this analysis in order to increase emphasis on undergraduate education. (FY 1993)
- Begin implementation of above timetable to increase participation of two- and four-year institutions. Initiate system to monitor and assess impact on undergraduate education. (FY 1994)

Strategy for Change

- Continue phased implementation, monitoring, and assessment, adjust appropriately and perform comprehensive evaluation at end of 1997. (FY 1994-1997)

Curriculum.

Model courses, units, and curricula in mathematics, science, engineering, and technology must be developed for the effective education of all students at all levels. At higher education levels, curricula must keep pace with the ever-expanding wealth of knowledge discovered through research. NASA will facilitate, promote, and support the development, documentation, and dissemination of research-based undergraduate courses and curricula.

Objective:

Encourage and support the development of effective, research-based undergraduate courses, curricula, and materials in science, mathematics, engineering, and technology. This material will: (1) provide strong disciplinary and cross-disciplinary training to science and engineering majors; and (2) advance the technical literacy of non-science and engineering majors.

Milestones:

- Conduct literature search on undergraduate curriculum reform issues in order to better evaluate proposals and focus efforts. (FY 1994)
- Perform survey or research current survey materials regarding employers' perceptions of preparation adequacy of BS degree holders for work in aerospace fields. (FY 1994)
- Based on this analysis, initiate program through the National Space Grant College and Fellowship Program:
 - Conduct an analysis of the national balance of activities mandated by Space Grant. This analysis should suggest consortia to focus on curriculum development. This effort will be monitored by a NASA Field Center to be tasked with this priority. (FY 1994)
 - Initiate a topical consortium on undergraduate education. Conduct competition among Space Grant schools for supplemental grants funding release time to develop, pilot, test, evaluate, and disseminate effective curricula, materials, and instructional methods. (FY 1995)
 - Establish Space Grant Initiatives (e.g., the Undergraduate Centers of Excellence). (FY 1996)
- Issue a number of research and development follow-on grants to Center-based research fellows to design courses based on their summer research (Summer Faculty Fellowship Program third year grants). (FY 1994)
- Document effective senior design courses for dissemination through the Advanced Design Program. Sustaining universities will be required to develop courses and curricula, sometimes as part of a collaborative effort with new participants. (FY 1996)

Strategy for Change

- Develop a means for disseminating curricula to the broader higher education community through the JOVE program, concentrated at undergraduate institutions. (FY 1996)
- Stimulate the development of general education courses for non-science/non-technical majors (survey courses). (FY 1996)
- Support curriculum development and reform through support of studies and task forces on undergraduate science and engineering education (e.g., National Research Council Board on Engineering Education studies on recruiting women/improving retention rates in undergraduate engineering). (FY 1993 and continuing)

Student Opportunities.

At the graduate level, a significant share of NASA's funding for science, mathematics, engineering and technology education goes to direct support for students. Programs geared toward increasing the participation of African Americans, Hispanics, Native Americans, Pacific Islanders, women, and persons with disabilities will be expanded. At the graduate level, NASA concentrates its resources on disciplines which are directly applicable to the agency mission; these resources, for pre- and postdoctoral programs, offer financial support and student research opportunities.

NASA's support for graduate education is well-established as part of our basic education program. In addition to sustaining our commitment to graduate education, we will focus new efforts on increasing opportunities for undergraduates to participate in research and supporting undergraduate scholarships and internships.

Objective:

Broaden direct participation in the aeronautics and space program by providing increased support, incentives, and opportunities to undergraduates

Milestones:

- Develop an undergraduate scholarship and/or summer internship program, administered by various Field Centers or by Space Grant Consortia, using the best features of current programs to form a model program. (Limit to students who have completed freshman year and who have declared majors in mathematics, science, and engineering.) (FY 1993)
- Initiate the Undergraduate Scholarship/Internship Program. (FY 1994)
- Explore linkages with Space Grant Consortia, Land and Sea Grant Programs, JOVE program affiliates, NSF/EPSCoR, SHARP, Co op, other Federal programs, and National Scholars Program. (FY 1994)
- Cultivate summer internship positions at Centers for the Commercial Development of Space, University Space Engineering Research Centers, and Minority Research Centers as well as NASA Centers. (FY 1995)
- Expand by 50% the Undergraduate Scholarship/Internship Program. (FY 1997)

Strategy for Change
Objective:

Oversee the implementation of NASA's University Space Initiative.

Milestones:

- Publish program brochure. (FY 1993)
- Coordinate and monitor component programs. (FY 1994-1998)
- Evaluate programs. (FY 1998)

Public Understanding of Science

To ensure our global competitiveness, the U.S. must have scientifically literate citizens capable of understanding complex economic, political, ethical, and social issues derived from an increasingly technological society. Moreover, a scientifically literate public will understand the need for a robust research enterprise and will encourage and motivate our youth to study mathematics and science. Without this encouragement the science education efforts of the Federal government will be less effective. NASA is strengthening its programs to increase public understanding of science in order to satisfy the emerging science literacy standards.

NASA's largest contribution to the public understanding of science is through the NASA Visitor Information Centers. The centers, located at each NASA facility, offer the general public insight into the highly technological and scientific world of the Nation's civilian aerospace program. Significant new efforts at the Langley Research Center (Virginia Air and Space Museum) and the Johnson Space Center (Space Center Houston) complement existing efforts at all other NASA Centers to broaden their outreach and to enrich the experience of visitors to the NASA Visitor Information Centers.

The Education Division will work closely with the Public Affairs Office to define a public affairs plan to support this strategic plan. The public affairs plan will place special emphasis on efforts to enhance public understanding of science and will support the CEIR plan for this area.

Objective:

To reach out to communities, using the civilian aerospace program to elevate public science literacy.

Milestones:

- Develop a Public Affairs Plan for Education. (FY 1993)
- Establish a limited program and corresponding budget for Informal Science Education in consultation with the National Science Foundation, the Association of Science and Technology Centers, and other groups whose focus is informal science education. (FY 1995)
- Utilize resources to inform the general public about NASA's missions and their impact on science and technology through Space Grant, the Summer Faculty Fellowship Program, and JOVE. (FY 1995)

Strategy for Change

Strengthening Partnerships for Change

Goal 3:

To significantly expand the impact of NASA's Education Program support of education reform by strengthening partnerships with key external constituencies

The previous two goals outlining NASA's efforts in supporting education reform are targeted at realignment and refinement of the NASA education program. However, to greatly increase our impact on the national education system, we must strategically enhance our efforts with key national constituencies. NASA's role in forming partnerships with such groups varies. In some instances, NASA's role should be one of leadership. In others, it is one of a participant or a facilitator. The ultimate goal is to affect change and therefore have a greater impact on the educational community. The effectiveness of collaboration is a function of our collective creativity in leveraging existing educational efforts.

While the list of groups may change over time, currently four groups are identified:

1. Professional Education Associations;
2. National Aerospace Education Associations;
3. Industry; and
4. Other Federal Agencies.

Professional Education Associations

NASA will continue to develop strong ties with discipline oriented professional education associations, including the National Science Teachers Association (NSTA), National Council of Teachers of Mathematics (NCTM), International Technology Education Association (ITEA), American Counseling Association (ACA), Quality Education for Minorities Network (QEM), National Alliance of Black School Educators (NABSE), American Society for Engineering Education (ASEE), Mathematical Association of America (MAA), the National Research Council (NRC), National Association of School Boards (NASB), National Association of Secondary School Principals (NASSP), National Association of Elementary School Principals (NAESP), National Action Council for Minorities in Engineering (NACME), American Association of University Women (AAUW), Society for Women Engineers (SWE), Association of Women in Science (AWS), the Association of Science and Technology Centers (ASTC), and such partnerships ensure that NASA's education program is relevant to and supportive of the education direction of each organization and its constituency.

Objective:

Establish close linkages with professional education associations to ensure that their efforts in support of national education reform are reflected in NASA education programs.

Milestones:

- Contribute financially to the development of science curriculum, teaching, and assessment standards (general consensus building element). (FY 1993)
- Provide financial support and technical expertise to NSTA for the purpose of fully integrating space and Earth science into Scope, Sequence, and Coordination (grades 6-12). (FY 1993)

Strategy for Change

- Establish a funded position(s) in organizations implementing national education standards and national curriculum frameworks (i.e., scope, sequence, and coordination). (FY 1994-1998)
- Target NASA support of national conventions on a rotating, three-year basis (FY 1994)
- Establish a Volunteer Precollege Outreach Program in partnership with the American Institute for Aeronautics and Astronautics (AIAA) and convene a workshop composed of a task group of experts to outline an implementation manual for school presentation. (FY 1993)
- Continue discussion and cooperation on collaborative efforts with ASTC. (FY 1993)
- Initiate efforts with the MAA to explore linkages with mathematics reform in higher education. (FY 1994)

National Aerospace Education Associations

Those organizations whose primary purpose is to conduct national aerospace education programs represent a significant force in shaping national education reform. During 1993, NASA will explore mutual areas of interest and activity in support of this strategic plan with the Challenger Center for Space Science Education, U.S. Space Camp and Space Academy, U.S. Space Foundation, the Young Astronaut Council, and the Astronaut Memorial Foundation.

Objective:

Establish Memoranda of Understanding defining mutual areas of interest and activity in support of this strategic plan with interested aerospace education organizations.

Milestones:

- Host a meeting of the Executive Directors of the Challenger Center for Space Science Education, U.S. Space Camp and Space Academy, U.S. Space Foundation, the Young Astronaut Council, and the Astronaut Memorial Foundation. The primary purpose of this meeting will be to share NASA's Strategic Plan for Education and solicit advice and council from each organization represented on common activities and directions. (FY 1993)
- Finalize and sign a Memorandum of Understanding with any of the above interested aerospace education organizations supporting the national education reform efforts. (FY 1994)

Industry

In FY 1991, NASA joined with its top 26 industry contractors to form the NASA Industry Education Initiative (NIEI) in support of the National Education Goals. This effort has been the principal means to begin to coordinate and focus educational efforts with our industry partners. The initial effort with NIEI focused on preparing an inventory of the current educational offerings of each member and producing the NIEI Education Program Report, July 1991. The NIEI will continue to be the primary vehicle through which NASA will work with its industry partners on education support.

Strategy for Change

Objective:

Facilitate the collaboration of NASA's industry partners in the national education reform movement.

Milestones:

- Present the NASA Strategic Plan for Education to NIEI members. (FY 1993)
- Expand participation to other industry members in NIEI. (FY 1994)
- Identify potential areas of collaboration. (FY 1994)

Other Federal Agencies

NASA's collaboration with other Federal agencies has been strengthened through the FCCSEI/CEHR process. Numerous ongoing activities with the Department of Education, National Science Foundation, Department of Energy, National Oceanic and Atmospheric Administration, Federal Aviation Administration, Civil Air Patrol, and the Smithsonian have served to increase collaboration on programs and efforts of mutual interest.

Objective:

NASA will continue to develop collaborative relationships with other Federal departments and agencies in areas of common interests.

Milestones:

- Chair the Education Technology Working Group, FCCSEI/CEHR. (FY 1993)
- Solicit participation of other Federal agencies in the Tri-State Education Initiative. (FY 1993)
- Solicit participation of other Federal agencies in the feasibility study of the National Scholars Program—a program concept to significantly expand the diversity of students receiving science, mathematics, engineering, and technology Ph.Ds. Special emphasis will be placed on involving African Americans, Hispanics, Native Americans, Pacific Islanders, women, and individuals with disabilities. Students from economically disadvantaged backgrounds will be targeted. (FY 1993-1994)
- Solicit appropriate educational video programs from other Federal agencies for airing on NASA Select. (FY 1993-1994)
- Define common areas of interest between Land Grant, Sea Grant, and Space Grant Programs with the Departments of Agriculture and Commerce. (FY 1995)
- Collaborate with the National Science Foundation and other agencies on the Statewide Systemic Change initiative and "EPSCoR" initiative. (FY 1993-1998)

Enabling Systems

All of NASA's education programs—base programs, reform initiatives, and external partnerships—share common systems that ensure our ability to provide the most effective programs to our customers. These systems are embedded in all NASA education programs:

1. Evaluation;
2. The utilization of educational technology; and
3. The dissemination of education program information and curriculum materials.

Strategy for Change

Program Evaluation

Evaluation is essential to the effectiveness of the NASA education program. Therefore, a comprehensive evaluation plan is being developed to ensure that necessary data are gathered to:

- a. provide for accountability in the use of Federal funds;
- b. monitor progress;
- c. provide a feedback mechanism to guide program improvements; and
- d. document program outcomes.

While it would be desirable to have the results of these evaluations prior to initiating change, the organizational, Federal, and national demands on NASA's education programs preclude delay. Consequently, NASA's evaluation plan for education includes both short- and long-term actions.

In the short-term, the following actions have been or will be conducted:

1. An organizational element within the Education Division—the Technology and Evaluation Branch—has been identified to serve as the unit responsible for planning, monitoring, or conducting evaluation activities.
2. An agencywide survey was completed in FY 1992 to identify all existing NASA education programs. This survey answered the questions: "What is the baseline for NASA's education program?" and "What is the mix of program targets (elementary, secondary, students, teachers, etc.)?" The Education Division will repeat this survey every three years.
3. During FY 1991 and 1992, individual education program managers strengthened the individual program evaluation process of each national program. Data from this effort will become available in FY 1993.
4. A data collection and management system has been designed and implementation is underway for all national education programs. Implementation will be completed by FY 1994.
5. The NASA Advisory Council Education Task Force was asked to review and provide guidance to NASA's strategic plan for education.
6. NASA is participating in FCCSET/CEHR activities designed to improve and coordinate evaluations of Federal education programs.

In the long-term, two major efforts are planned. First, the National Research Council will conduct a study to identify evaluation indicators for the range of NASA's education programs. These indicators will become standards against which individual programs will be evaluated for termination, modification, or enhancement. Second, the Agency's data management system will be expanded to all Field Centers to provide an agencywide database system of evaluation data. Additionally, the database will be modified as needed to be consistent with the recommendations resulting from the NRC study.

The following are specific objectives for the implementation of an evaluation component in NASA's education program.

Strategy for Change
Objective:

Develop, disseminate, and implement evaluation standards and guidance for education program managers.

Milestones:

- Develop internal review measures to begin review of all elementary and secondary programs. (Completed)
- Develop an interim document outlining program evaluation standards and procedures in coordination with the FCCSET/CEHR Evaluation Working Group and disseminate to NASA program managers for initial implementation. (FY 1993)
- Develop and disseminate a final document outlining program evaluation standards and procedures, after incorporation of recommendations from the NRC and from the FCCSET/CEHR Evaluation Panel of Experts. (FY 1994)
- Develop and implement an evaluation plan for individual NASA education program managers in conformance with the NASA education program evaluation standards. (FY 1995)

Objective:

Participate in the process led by the National Science Foundation under the auspices of the FCCSET/CEHR to implement a coordinated program evaluation strategy. As this process progresses and evaluation standards are developed, NASA's evaluation plan will be revised accordingly.

Milestone:

- The Chief of the Technology and Evaluation Branch, Education Division, will serve as the official NASA representative on the FCCSET/CEHR Evaluation Working Group. (FY 1993)

Objective:

Develop annual evaluation reports for each NASA education program or project. These reports will be designed to concisely summarize program progress, evaluation results, and recommendations for future action. An annual report summarizing major findings of individual program reports will be compiled.

Milestones:

- Submit an annual report for each education program to the Technology and Evaluation Branch. (FY 1994)
- Develop an agencywide report which summarizes the evaluation of the NASA education program. (FY 1994)

Objective:

Implement comprehensive databases of evaluation indicators for NASA's education program, currently under development, at Headquarters and expand to all NASA Field Centers.

Strategy for Change
Milestones:

- Complete Field testing and implement at Headquarters, a database of evaluation indicator data, known as EDCATS. (FY 1993)
- Revise and update the University Management Information System to provide increased analysis capability. (FY 1993)
- Implement the database of evaluation indicators at each NASA Field Center. (FY 1995)
- Refine and enhance the Space Grant database based on user feedback. (FY 1993-1994)

Objective:

Identify evaluation indicators for the NASA education program through a study by the NRC, under NASA contract. Implement the recommendations of this study in future evaluation plans as appropriate.

Milestones:

- Initiate study by submitting to the NRC all data and information necessary to develop evaluation indicators. (FY 1993)
- Report by the NRC of its findings and recommended indicators. (FY 1994)
- Modify evaluation plans and databases to track data pertaining to indicators recommended by the NRC. (FY 1995)

Objective:

Develop a set of quality standards for all NASA education materials, in all formats, in collaboration with FCCSET/CEHR. These standards will serve as the basis for deletion, revision, or enhancement of NASA curriculum materials.

Milestones:

- Develop quality control standards addressing.
 - a. technical accuracy;
 - b. production quality;
 - c. ethnic and gender diversity;
 - d. pedagogical soundness; and
 - e. alignment with relevant curriculum frameworks. (FY 1993)
- Evaluate all materials against the quality control standards and either remove them from the system, keep them in place, or develop appropriate supplementary materials. (FY 1995)

Objective:

Produce an annual report on NASA and universities for dissemination to program offices and Field Centers.

Milestones:

- Conduct a survey of customer needs. (FY 1993)

Strategy for Change

Educational Technology

- Produce a prototype annual report and circulate it for comment and suggestion. (FY 1993)
- Publish the first annual report. (FY 1994)

The second enabling system identified as essential to all NASA education programs is the effective utilization of educational technology. NASA is an agency dedicated to the development of advanced technologies, and it is appropriate that technology play a major role in the operation of its education program. The intent of the Education Division is to utilize educational technologies to the fullest potential in order to maximize limited resources and expand the delivery of programs to the broadest possible audience.

Objective:

Expand NASA Select, the Agency's internal communication service, to better serve the education community by including regular segments of programming for faculty, teachers, and students.

Make NASA Select available to other FCCSET/CEIR agencies, Space Grant universities, and other education entities with which NASA has established education partnerships. Intensify efforts to disseminate information about the education programming on NASA Select through Spacelink, public affairs channels, partner organizations, and other means.

Milestones:

- Implement a daily segment of educational programming. (FY 1993)
- Inform educational organizations, networks, and teachers of NASA Select program opportunities. (FY 1994)
- Utilize Select to the fullest extent to provide regular programs for all constituent groups. (FY 1995)

Objective:

Enhance NASA Spacelink¹² to include

- a full-time system administrator;
- expanded toll-free access through public domain computer networks; and
- improved interactive capabilities.

Milestones:

- Implement file transfer capability via the Internet on Spacelink. (FY 1993)
- Implement toll-free telephone access to Spacelink. (FY 1993)
- Implement a plan to ensure that all current educational publications are available on Spacelink. (FY 1994)

¹²Spacelink is NASA's computer information service containing aerospace information and educational materials for faculty, teachers, and students. The service includes current NASA news, data about America's aerospace program, classroom materials, and other information useful to faculty, teachers, and students.

Strategy for Change
Objective:

Establish a Classroom of the Future (COTF) to serve as a research and development facility for educational programs based on advanced communications technologies. The COTF will include facilities where technologies for aerospace education can be implemented and evaluated with visiting faculty, teachers, and students. The COTF will also serve as a distance education facility from which preservice and inservice education programs can be disseminated to schools and teachers nationwide.

Milestones:

- Fully staff the COTF to ensure that personnel resources are available to support the Agency's research and development activities in educational technology. (FY 1993).
- Complete the construction of a facility for the COTF. (FY 1994).
- Develop, field test, evaluate, and disseminate NASA educational technology software. (FY 1997)

Objective:

Expand the Teacher Resource Center Network (TRCN) and integrate it into the educational technology component of NASA's education program by installing appropriate equipment and software for the demonstration or duplication of computer software, videodiscs, and CD-ROM disks. A plan will be developed and implemented to transfer existing and new slides, videos, publications, and similar educational materials to optical media such as CD-ROM or videodisc for cost-effective storage and distribution.

Milestones:

- Implement quality-control standards for all TRCN materials and implement procedures to ensure distribution of all NASA educational materials to the TRCN. (FY 1993)
- Upgrade TRCN educational technology equipment. (FY 1994)
- Expand the TRCN to include all 50 states, the District of Columbia, and Puerto Rico. (FY 1994)

Objective:

Utilize distance learning technologies to broaden the dissemination of NASA educational opportunities.

Milestone:

- Study the feasibility of utilizing NASA Select and Spacelink to deliver a distance education course in Earth systems science for science teachers. Implement the course if feasible. (FY 1994-1995)

Strategy for Change

Objective:

Chair the FCCSET/CEHR Educational Technology Working Group and contribute to the accomplishment of FCCSET/CEHR objectives pertaining to educational technology.

Milestones:

- Develop an inventory of all NASA educational technology programs and lead the development of a FCCSET/CEHR inventory. (FY 1993)
- Contribute to the Federal goal of ensuring that students participate in research with the scientific community. (FY 1994)
- Lead the FCCSET/CEHR Educational Technology Working Group in the development and communication of a national vision for networked resources. (FY 1994)

Objective:

Maintain and support FEDIX, an on-line information service that links the higher education community and the Federal government, facilitating research, education, and services.

Milestone:

- Review the concept of on-line submission of grant proposals and determine its potential for NASA. (FY 1994)

Dissemination

NASA has taken significant actions since the late 1980s to coordinate and disseminate educational information and materials among its facilities and within the education community. Fundamental to this plan is the realization that, even with significant increases in personnel, NASA's ability to work directly with teachers through its Field Centers or in their schools is limited. Therefore, in addition to direct interaction between educators and personnel at the Field Centers, NASA must make available information, materials, and services to the national education community.

NASA's national dissemination plan for information and materials is comprised of three elements:

1. The electronic dissemination of text and graphics through NASA Spacelink and the electronic dissemination of announcements of opportunity, requests for proposals, and specific scientific and technical information and opportunities through FEDIX;
2. The dissemination of educational videotapes and television programming through NASA Select; and
3. On-site or mail-in acquisition of educational materials—printed, computer, video, and slides—through the NASA Teacher Resource Center Network and Central Operation of Resources for Educators.¹³

¹³A list of TRCN members is in Appendix E.

Strategy for Change

Objectives relevant to each element of this national dissemination plan are included in previous sections of this strategic plan. For example, in the Educational Technology section of "Enabling Systems," specific objectives to expand and enhance Spacelink, NASA Select, and the Teacher Resource Center Network are discussed in detail.¹⁴ In addition, the "NASA Education Program and Information Dissemination Plan," prepared in response to U.S. Senate Report 102-107, September 1992, is incorporated by reference and reaffirms the objectives and milestones stated therein.¹⁵

¹⁴See pages 38-40.

¹⁵This report is duplicated in Appendix I.

Management Priorities to Guide Change

The outstanding challenge of the Strategy for Change is its implementation. In order to implement the strategy, four broad-based management priorities have been identified to guide the process of change:

1. To use "A Strategy for Change: 1993-1998" as a programmatic and management tool for developing a consensus direction for NASA's education program.
2. To implement an agency program planning and budgetary process for the NASA Education Program and to transition from a support (functional management) approach to a program (operational) approach for planning, management, and budget.
3. To identify, articulate, and employ an integrated agency strategy to significantly increase ethnic and gender diversity in the science and technology pipeline.
4. To provide comprehensive staff development opportunities to ensure our employees and contractors have the proper knowledge and competencies to implement this strategic plan and reach NASA's Education Vision.

These priorities will be pursued in parallel and in accordance with the objectives and milestones listed below.

Priority:

To use "A Strategy for Change: 1993-1998" as a programmatic and management tool for developing a consensus direction for NASA's education program.

Objectives:

Distribute the first edition of the Strategic Plan to Program offices, Field Centers, NASA education contractors, and NASA's partners in education. Additional input and suggestions for improvement will be sought continually by all stakeholders and reflected in subsequent editions of the Strategic Plan. (First quarter FY 1993)

Publish the document "NASA's Education Program Inventory" and distribute to NASA Field Centers and Program offices. This agencywide inventory will become the baseline for analysis and review of current efforts. (FY 1993)

Initiate a planning process with each Field Center that results in a Center education plan supporting the Agency Strategic Plan. (FY 1993)

Finalize Center plans. (FY 1994)

Conduct an agencywide survey of NASA education programs. (FY 1995)

Update NASA's Strategic Plan for Education each year to reflect stakeholder input. (FY 1993-1998)

Management Priorities to Guide Change
Priority:

To implement an agency program planning and budgetary process for the NASA Education Program and to transition from a support (functional management) approach to a program (operational) approach for planning, management, and budget.

Objectives:

Develop a transition plan to evolve NASA's Education Program into the NASA Program Operating Plan (POP) Cycle, in cooperation with the Office of the Comptroller, appropriate Program offices, and the Field Centers. (FY 1993)

During the transition period, take intermediate steps to seek Center input to develop NASA's FY 1995 budget and program for education, based on NASA's Education Strategic Plan. (FY 1993)

Based on the transition plan, incorporate NASA's Education Program into the Program Operating Plan Cycle. (FY 1994-1998)

Priority:

To identify, articulate, and employ an integrated agency strategy to significantly increase ethnic and gender diversity in the science and technology pipeline.

Objectives:

In cooperation with agency personnel, training and development, and equal opportunity offices, identify, articulate, and employ an integrated strategy to significantly increase participation by African Americans, Hispanics, Native Americans, Pacific Islanders, women, and persons with disabilities who have traditionally been underrepresented in the science and technology pipeline. (FY 1993)

Complete the Congressionally mandated feasibility study of the National Scholars Program (NSP) and report to Congress the final results. Plan and implement those elements of NSP for which NASA has current authority. (FY 1994)

In cooperation with the Minority University Research and Education Division, identify a unified approach on university-related issues, programs, and activities. (FY 1994)

Priority:

To provide comprehensive staff development opportunities to ensure our employees and contractors have the proper knowledge and competencies to implement this strategic plan and reach NASA's Education Vision

Management Priorities to Guide Change***Objectives:***

The Headquarters Education Division will pursue a long-term organizational development process to infuse elements of Total Quality Management (TQM)/Continuous Improvement into its management and programmatic structure. (FY 1993-1998)

Headquarters education program managers will ensure that staff development is an integral part of educational outreach contracts. Special emphasis will be placed on a content understanding of education reform. (FY 1993-1998)

Each Center will ensure that staff development is an integral part of developing their education plan. (FY 1993-1998)

Conclusion

NASA's Education Vision is ambitious—but the next generation of science, engineering, technology, and research will only be as good as the next generation of scientists, engineers, technicians, and teachers. To ensure the availability of a well-educated future workforce, NASA has committed the Agency's unique resources to promote excellence and diversity in the education system through enhancing and expanding scientific and technological excellence and equity.

As stated in this "Strategy for Change," we will build upon the strength of our existing base program to contribute to educational excellence in a broader context. NASA has begun a number of initiatives that directly support the National Education Goals, the FCCSET/CEHR implementation priorities, and the emerging national education standards. We will leverage our efforts through partnerships with professional education associations, aerospace education organizations, industry, and other Federal agencies. Our enabling systems will help us ensure that high quality educational programs and materials are available to educators nationwide. For each of these areas, we have identified specific objectives and milestones against which we will measure our progress over the next five years. We have also identified four management priorities to focus our internal efforts in the near future. These management priorities are the first steps along the road to excellence.

The scope of NASA's role in education is small when compared financially to that of the Department of Education or the National Science Foundation. However, by leveraging the Agency's unique resource—its facilities and personnel—NASA has the opportunity to use its inspiring mission as an effective vehicle for teaching and for learning. As a Federal Agency with a vested interest in the Nation's scientific and technological health, education is not only an opportunity for NASA, it is an obligation.

Acronyms

AAUW	American Association of University Women
AIAA	American Institute for Aeronautics and Astronautics
ACA	American Counseling Association
AESP	Acrospace Education Services Program
ASEE	American Society for Engineering Education
ASTC	Association of Science and Technology Centers
AWS	Association of Women in Science
CD-ROM	Compact Disc, Read Only Memory
CEHR	Committee on Education and Human Resources (of FCCSET)
CORE	NASA Central Operation of Resources for Educators
COTF	Classroom of the Future
DSO	Detailed Supplemental Objective
EPSCoR	Experimental Programs for the Stimulation of Competitive Research
EWG	Education Working Group (NASA Johnson Space Center)
FCCSET	Federal Coordinating Council for Science, Engineering and Technology
FCOD	Flight Crew Operations Directorate (NASA Johnson Space Center)
HBCUs	Historically Black Colleges and Universities
ITEA	International Technology Education Association
JOVE	NASA/University JOint Venture
GAS	Get Away Special
MAA	Mathematical Association of America
MU-SPIN	Minority University-Space Interdisciplinary Network
NABSE	National Alliance of Black School Educators
NACME	National Action Council for Minorities in Engineering
NAESP	National Association of Elementary School Principals
NASA	National Aeronautics and Space Administration
NASB	National Association of School Boards
NASSP	National Association of Secondary School Principals
NCTM	National Council of Teachers of Mathematics
NEWEST	NASA Educational Workshops for Elementary School Teachers
NEWMAT	NASA Educational Workshops for Mathematics, Science, and Technology Teachers
NIEI	NASA Industry Education Initiative
NOAA	National Oceanic and Atmospheric Association
NRC	National Research Council
NSF	National Science Foundation
NSP	National Scholars Program

Acronyms

NSTA	National Science Teachers Association
OAST	Office of Aeronautics and Space Technology (NASA)
QEM	Quality Education for Minorities Network
RTRC	NASA Regional Teacher Resource Center
SAREX	Shuttle Amateur Radio Experiment
SEEDS	Space Exposed Experiment Developed for Students
SHARP	Summer High School Apprenticeship Research Program
SMET	Science, Mathematics, Engineering, and Technology (education)
SSI	Statewide Systemic Initiatives Program (NSF)
SSIP	Space Science Student Involvement Program
STEP	Space Technology Education Program
SWE	Society for Women Engineers
TQM	Total Quality Management
TRC	NASA Teacher Resource Center
TRCN	NASA Teacher Resource Center Network
TSEI	Tri-State Education Initiative
USRA	Universities Space Research Association

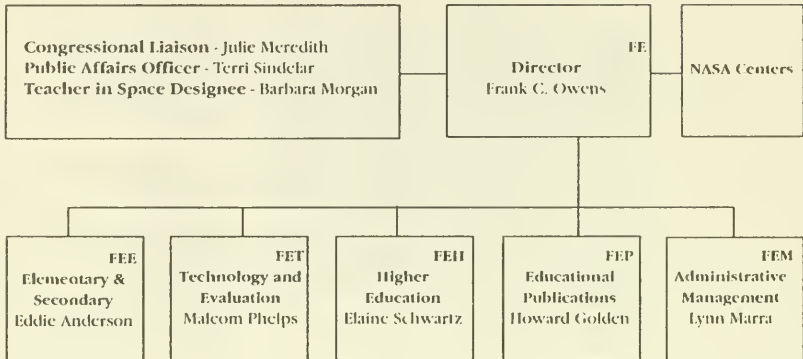
Appendix A

The authority for NASA's education policy is derived from the National Aeronautics and Space Act of 1958, as amended. Specific sections of the Act applicable to this policy follow:

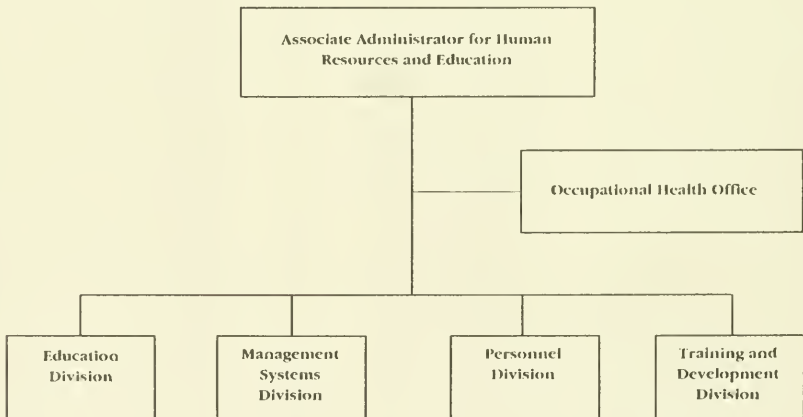
1. Section 42 USC 2473(2): Arrange for participation by the scientific community in planning scientific measurements and observations to be made . . . (Note: Realizing the current crises in education, our changing demographics, and the extensive documentation on the relationship between pre-college student achievement and entrance into science, engineering, and technology professions, NASA expands the traditional definition of scientific community to include elementary, secondary, and community college levels.)
2. Section 102C(1): The expansion of human knowledge of phenomena in the atmosphere and space (Note: Education is the vehicle by which human knowledge is acquired and transmitted.)
3. Section 102C(5): The preservation of the role of the United States as a leader in aeronautical and space science and technology . . . (Note: This objective is totally dependent on an available talented, knowledgeable, and skilled workforce.)
4. Section 102C(8): The most effective utilization of the scientific and engineering resources of the United States; . . .

Appendix B

Education Division Organization Chart Office of Human Resources & Education Program Responsibilities



Office of Human Resources and Education



Appendix C

The President and the Governors' National Education Goals

By the Year 2000:

1. The children in America will start school ready to learn.
2. U.S. high school graduation rate will increase to 90 percent
3. American students will leave grades four, eight, and twelve having demonstrated competency in challenging subject matter including English, mathematics, science, history, and geography; and every school in America will ensure that all students learn to use their minds well, so they may be prepared for responsible citizenship, further learning, and productive employment in our modern economy.
4. U.S. students will be first in science and mathematics achievement.
5. Every adult American will be literate and will possess the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship.
6. Every school in America will be free of drugs and violence and will offer a disciplined environment conducive to learning.

Appendix D

Office of Science and Technology Policy Federal Coordinating Council for Science, Engineering and Technology Committee on Education and Human Resources (FCCSET/CEHR)

Chair
Secretary of Energy

Vice Chairs
Deputy Secretary, Department of Education
Assistant Director for Education and Human Resources, National Science Foundation

Members:
Department of Agriculture
Department of Commerce
Department of Defense
Department of Education
Department of Energy
Department of Health and Human Services
Department of Housing and Urban Development
Department of the Interior
Department of Justice
Department of Labor
Department of Transportation
Department of Veterans Affairs
Environmental Protection Agency
National Aeronautics and Space Administration
National Science Foundation
Smithsonian Institution
Office of Science and Technology Policy
Office of Policy Development
Office of Management and Budget

Federal Science, Engineering, and Mathematics Education Strategic Planning Framework

Strategic Objectives

- Improve science and mathematics performance
- Strong elementary and secondary teacher workforce
- Adequate pipeline for science and technology workforce, including greater participation of individuals underrepresented in science, mathematics, engineering and technology education, e.g. women, minorities and persons with disabilities
- Improved public science literacy

Implementation Priorities

Elementary and Secondary Education

- Standards for curriculum, teaching, and assessment
- Materials (curriculum, course, and instructional)
- Teacher enhancement
- Systemic reform

Appendix D**Undergraduate Education**

- Materials (curriculum, course, and instructional)
- Faculty development and enhancement

Graduate Education

- Student support, incentives, and opportunities
- Recruitment and retention of U.S. students
- Foster multidisciplinary/applied research/technology programs

Public Understanding of Science

- Standards for public science literacy
- Increase public science literacy

Technology Education

- Curriculum reform
- Teacher enhancement

Implementation Components

- Evaluation and assessment
- Dissemination and technical assistance
- Education technologies

Appendix E

NASA Teacher Resource Center Network

The NASA Education Division disseminates educational products and materials for teachers and students of all grade levels through the NASA Field Centers, the Teacher Resource Center Network (TRCN), NASA Select, and NASA Spacelink. The TRCN is composed of Teacher Resource Centers (TRCs), Regional TRCs (RTRCs), and the NASA Central Operation of Resources for Educators (CORE). The TRCs and RTRCs are the principal distribution points where educators may copy NASA text, audio, visual, and computer materials. CORE processes U.S. and international educator requests for audio-visual materials by mail. The TRCN serves over 110,000 teachers every year.

Teacher Resource Centers (TRCs)

TRCs are located at twelve NASA installations, and they have a variety of NASA-related educational materials in several formats: videotapes, slides, audio tapes, publications, lesson plans, and activities.

Regional Teacher Resource Centers (RTRCs)

To offer more educators the opportunity to visit the TRCN, NASA forms partnerships with planetariums, universities, museums, and other nonprofit organizations to serve as RTRCs and plans to have RTRCs as broadly distributed geographically as possible. Teachers may preview or copy NASA materials at these RTRCs.

Central Operation of Resources for Educators (CORE)

CORE provides educators with another source for NASA educational audio-visual materials. CORE is a nonprofit institution which mails audio and visual materials at cost, plus shipping and handling, to U.S. and to international educators. An educator may request a catalogue and an order form from CORE by writing on school letterhead or by telephoning:

NASA CORE
Lorain County Joint Vocational School
15181 Route 58 South
Oberlin, OH 44074
(216) 774-1051, ext. 293 or 294

Appendix E

**NASA Teacher
Resource Centers**

Alaska, Arizona, California, Hawaii,
Idaho Montana, Nevada, Oregon, Utah,
Washington, Wyoming
NASA Ames Research Center
Teacher Resource Center
Mail Stop TO-25
Moffett Field, CA 94035

California (Mainly cities near Dryden
Flight Research Facility)
NASA Dryden Flight Research Facility
Public Affairs Office (Trl. 42)
Teacher Resource Center
Edwards AFB, CA 93523

Connecticut, Delaware, District of
Columbia, Maine, Maryland,
Massachusetts, New Hampshire, New
Jersey, New York, Pennsylvania, Rhode
Island, Vermont
NASA Goddard Space Flight Center
Teacher Resource Laboratory
Mail Code 130.3
Greenbelt, MD 20771

Virginia's and Maryland's Eastern
Shores
Wallops Flight Facility
Education Complex—
Visitor Center
NASA Teacher Resource Center
Bldg. J-17
Wallops Island, VA 23337

All Planetary Exploration Inquiries
Jet Propulsion Laboratory
Teacher Resource Center
JPL Educational Outreach
4800 Oak Grove Drive
Mail Code CS-530
Pasadena, CA 91109

Florida, Georgia, Puerto Rico, Virgin
Islands
NASA Kennedy Space Center
Educators Resource Laboratory
Mail Code ERL
Kennedy Space Center, FL
32899

Colorado, Kansas, Nebraska,
New Mexico, North Dakota, Oklahoma,
South Dakota, Texas
NASA Johnson Space Center
Teacher Resource Center
Mail Code AP-4
Houston, TX 77058

Kentucky, North Carolina, South
Carolina, Virginia, West Virginia
NASA Langley Research Center
Teacher Resource Center
Mail Stop 146
Hampton, VA 23665-5225
NASA Teacher Resource Center
Virginia Air and Space Center
600 Settler's Landing Road
Hampton, VA 23669

Illinois, Indiana, Michigan, Minnesota,
Ohio, Wisconsin,
NASA Lewis Research Center
Teacher Resource Center
Mail Stop 8-1
21000 Brookpark Road
Cleveland, OH 44135

Mississippi
NASA Stennis Space Center
Teacher Resource Center
Building 1200
Stennis Space Center, MS 39529

Alabama, Arkansas, Iowa, Louisiana,
Missouri, Tennessee
U. S. Space & Rocket Center
NASA Teacher Resource Center
Huntsville, AL 35807

Appendix E

Regional Teacher
Resource Centers**Alabama**

Tri-State Learning Center
Teacher Resource Center
Rt. 72 West, Box 508
Iuka, MS 38854

Arizona

Lunar and Planetary Lab
NASA Regional Teacher Resource Center
University of Arizona
Tucson, AZ 85721

Arkansas

University of Arkansas-Little Rock
Natural Science Bldg., Room 215
2801 South University
Little Rock, AK 72204

Colorado

U.S. Space Foundation
NASA Regional Teacher Resource Center
2860 S. Circle Drive
Suite 2301
Colorado Springs, CO 80906

Delaware

Delaware Teacher Center
Claymont Education Campus
NASA Regional Teacher Resource Center
3401 Green Street
Claymont, Delaware 19703

District of Columbia

National Air and Space Museum
Smithsonian Institution
Education Resource Center,
MRC-305
Washington, DC 20560

University of the District of Columbia
NASA Regional Teacher Resource Center
Mail Stop 4201
4200 Connecticut Ave. N.W.
Washington, DC 20008

Idaho

University of Idaho at Moscow
NASA Regional Teacher Resource Center
College of Education
Moscow, ID 83843

Iowa

University of Northern Iowa
NASA Regional Teacher Resource Center
IRIS
Room 222, Schindler Education Center
Cedar Falls, IA 50614 0009

Illinois

Chicago Museum of Science and Industry
NASA Regional Teacher Resource Center
57th Street & Lakeshore Drive
Chicago, IL 60657-2093

Parks College of St. Louis University
NASA Regional Teacher Resource Center
Rt. 157 and Falling Springs Road
Cahokia, IL 62206

Indiana

University of Evansville
NASA Regional Teacher Resource Center
School of Education
1800 Lincoln Avenue
Evansville, IN 47722

Kansas

Kansas Cosmosphere and Space Center
NASA Regional Teacher Resource Center
1100 North Plum
Hutchinson, KS 67501

Kentucky

Murray State University
NASA Regional Teacher Resource Center
Waterfield Library
Murray, KY 42071

Louisiana

Bossier Parish Community College
NASA Regional Teacher Resource Center
2719 Airline Drive
Bossier City, LA 70111

Appendix E

Regional Teacher
Resource Centers**Louisiana**

Southern University
NASA Regional Teacher Resource Center
Downtown Metro Center
610 Texas Street
Shreveport, LA 71101

Michigan

Central Michigan University
NASA Regional Teacher Resource Center
Roman Hall, Room 101
Mount Pleasant, MI 48859

Northern Michigan University
NASA Regional Teacher Resource Center
Olson Library Media Center
Marquette, MI 49855

Oakland University
NASA Regional Teacher Resource Center
O'Dowd Hall, Room 216
Rochester, MI 48309-4401

Minnesota

Mankato State University
NASA Regional Teacher Resource Center
Department of Curriculum and Instruction
MSU Box 52/P.O. Box 8400
Mankato, MN 56002-8400

St. Cloud State University
Center for Information Media
NASA Regional Teacher Resource Center
St. Cloud, MN 56301

Mississippi

Mississippi Delta Community College
NASA Regional Teacher Resource Center
P.O. Box 177
Moorehead, MS 38761

Tri-State Learning Center
Teacher Resource Center
Rt. 72 West, Box 508
Iuka, MS 38854

Montana

Western Montana College of the
University of Montana
NASA Regional Teacher Resource Center
Carson Library
Dillon, MT 59725

Nebraska

University of Nebraska State Museum
NASA Regional Teacher Resource Center
14th & O Streets
307 Morrill Hall
Lincoln, NE 68588-0338

New Mexico

New Mexico State University
NASA Regional Teacher Resource Center
New Mexico Space Grant Consortium
Box 30001, Dept. SG
Las Cruces, NM 88003-0001

University of New Mexico
NASA Regional Teacher Resource Center
Continuing Education and
Community Service
1634 University N.E.
Albuquerque, NM 87131

New York

The City College
NASA Regional Teacher Resource Center
NAC Bldg., Rm. S224
Convent Avenue at 138th St.
New York, NY 10031

North Carolina

University of North Carolina —Charlotte
NASA Regional Teacher Resource Center
J. Murrey Atkins Library
Charlotte, NC 28223

North Dakota

University of North Dakota
NASA Regional Teacher Resource Center
The Wayne Peterson Room
Earth Systems Science Building
P.O. Box 7306, University Station
Grand Forks, ND 58202-7306

Ohio

University of Cincinnati
NASA Regional Teacher Resource Center
Curriculum Resources Center
1613 Hagen Library
University of Cincinnati
Cincinnati, OH 45221-0219

Appendix E

Regional Teacher
Resource Centers**Oklahoma**

Oklahoma State University
NASA Regional Teacher Resource Center
300 North Cordell
Stillwater, OK 74078-0422

Pennsylvania

Mid Atlantic Technology Application Center
NASA Regional Teacher Resource Center
University of Pittsburgh
823 William Pitt Union
Pittsburgh, PA 15260

Rhode Island

Rhode Island College
NASA Regional Teacher Resource Center
Curriculum Resources Center
600 Mt. Pleasant Avenue
Providence, RI 02908

South Carolina

Stanback Planetarium
NASA Regional Teacher Resource Center
P.O. Box 1636
South Carolina State University
Orangeburg, SC 29117

Tennessee

Tri-State Learning Center
Teacher Resource Center
Rt. 72 West, Box 508
Iuka, MS 38854

Utah

Weber State University
NASA Regional Teacher Resource Center
Curriculum Library
College of Education
Ogden, UT 84408-1302

Vermont

Norwich University
Vermont College Educational
Resource Center
NASA Regional Teacher Resource Center
Schulmaier Hall
Montpelier, VT 05602

Virginia

Radford University
NASA Regional Teacher Resource Center
Radford, VA 24142

Washington

University of Washington
NASA Regional Teacher Resource Center
AK-50, c/o Geophysics Department
Seattle, WA 98195

West Virginia

Wheeling Jesuit College
NASA Regional Teacher Resource Center
220 Washington Avenue
Wheeling, WV 26003

Wisconsin

University of Wisconsin at LaCrosse
NASA Regional Teacher Resource Center
Morris Hall, Room 200
LaCrosse, WI 54601

Wyoming

University of Wyoming
NASA Regional Teacher Resource Center
Learning Resource Center
P.O. Box 3374, University Station
Laramie, WY 82071-3374

Appendix F

The "NASA Education Program and Information Dissemination Plan," prepared in response to U.S. Senate Report 102-107, September 1992, follows:



National Aeronautics and
Space Administration

Washington, D C.
20546

Office of the Administrator

October 13, 1992

The Honorable Barbara A. Mikulski
Chair
Subcommittee on VA-HUD-
Independent Agencies
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Madam Chair:

In response to direction included in the Senate Reports accompanying both the FY 1992 and FY 1993 VA-HUD-Independent Agencies appropriations bills, I am pleased to provide the Committee NASA's plan for disseminating educational information among NASA facilities and throughout the external community. This plan has been revised from the version transmitted to the Committee earlier this year to include specific goals and objectives, along with milestones for accomplishing those goals.

NASA has taken significant action over the past year to coordinate and disseminate educational information. Most notably, we have developed a draft Strategic Plan for Education. The Strategic Plan, expected to be finalized in November, will outline the standards by which NASA will measure its education programs and will include an expanded plan for the dissemination of program information, products, and services.

As a Federal agency with a vested interest in the nation's scientific and technological health, NASA views education not only as an opportunity, but also as an obligation. By leveraging NASA's unique resources--its facilities and personnel--we are using NASA's unique mission as a vehicle for teaching and learning. I would be pleased to discuss this report with you in greater detail, if you wish.

Sincerely,

A handwritten signature in dark ink, appearing to read "Daniel S. Goldin".

Daniel S. Goldin
Administrator

Enclosure

cc:

The Honorable Edwin (Jake) Garn

NASA EDUCATION PROGRAM AND INFORMATION DISSEMINATION PLAN

September 1992

I. INTRODUCTION

The Committee also directs NASA to prepare a plan for disseminating educational information among its facilities and with the outside community and to identify a point of contact at each facility to coordinate the educational activities.
(U.S. Senate Report 102-107)

This report has been prepared to address specific concerns of the Committee regarding NASA's education program coordination and dissemination efforts. It has been developed in active participation with the Federal Coordinating Council for Science, Engineering, and Technology (FCCSET), Committee on Education and Human Resources (CEHR) and is fully consistent with the recently developed FCCSET/CEHR strategic plan. In addition, objectives and milestones reflected in this dissemination plan are consistent with NASA's Strategic Plan for Education, currently under review and scheduled for completion by November 1992.

NASA's education program is comprehensive, meeting the needs of teachers and students in grade school through graduate school. It is NASA's policy to utilize its inspiring mission, its unique facilities, and its specialized workforce to conduct, and to leverage externally conducted, science, mathematics, and technology education programs and activities. NASA supports systemic change in the education system by expanding and enhancing the scientific and technological competence of all educators involved in the education reform movement. During FY 1991, the Agency's programs reached over 1.5 million students and 130,000 teachers and university faculty.

The NASA Field Centers provide a rich and stimulating environment for education, and NASA supports a large number of programs that provide personal interaction between our specialized workforce, students, and educators. In these programs, precollege students and teachers participate in hands-on, real world applications of mathematics, science, and technology, while college and university students and faculty directly participate in the NASA mission through research opportunities. The dissemination of information is implicit in all of these participatory programs.

However, we realize that not every student and educator can participate in on-Center programs. To fulfill NASA's commitment to the education community and to ensure that our extensive education efforts reach the broadest possible audience, we extend our programs and services to the Nation through a variety of dissemination strategies: a physical presence in every state; electronic delivery systems; and high-leverage activities through partnerships with other educational, industrial, and non-profit associations. Strong internal leadership, coordination, and information dissemination ensure that all of NASA's educational programs meet or exceed the standards articulated in the Agency Strategic Plan for Education and that these programs effectively and efficiently serve the needs of the Nation's educators.

Two implementation priorities are embedded in all the activities described herein. First, special emphasis is placed throughout on outreach to the educationally disadvantaged and groups historically underrepresented in science, mathematics, and technology. Second, all programs will include both summative and formative evaluation components, incorporating national education reform benchmarks. A product (curriculum supplement) evaluation system will be established to ensure that new materials meet the standards of the Agency's education program. These implementation priorities are defined and discussed further in NASA's forthcoming Strategic Plan for Education.

I. INTERNAL COORDINATION AND INFORMATION DISSEMINATION

Leadership and coordination of NASA's education program is the responsibility of the Associate Administrator, Office of Human Resources and Education, reporting to the NASA Administrator. Within this office, the Education Division has Agency responsibility for policy development, management oversight, coordination, and direction of NASA's education program. The overall conduct of NASA's education program is formally outlined in NASA Management Instruction 1392.1B, Conduct of NASA's External Education Program, issued December 31, 1991.

To ensure close coordination, communication, and sound management of education programs agencywide, each NASA Program Associate Administrator and each NASA Field Center Director has designated a single individual to serve as the focal point for that Office's or Field Center's education program (See Appendix A). The Associate Administrator for Human Resources and Education and the Director of Education periodically convene agencywide meetings of all designated education coordinators. These meetings provide executive leadership and policy direction to the NASA Centers for overall program composition and direction. NASA elementary/secondary education and university affairs staff also hold periodic meetings on programmatic, coordination, and other anticipated education issues facing the Agency. Additional meetings are held with Headquarters and Field Center education personnel to discuss specific program issues, product development, and planning. These meetings are followed by monthly agencywide teleconferences to update the educational staff on recent developments, emerging issues, and related topics.

Central to coordinating NASA's education efforts within the Federal government is the Agency's active participation in FCCSET/CEIIR. This participation has not only contributed to a government-wide consensus on strategic objectives for education and program implementation priorities, it has provided numerous opportunities for interagency collaboration and program information sharing. Some examples of collaborative projects underway with other departments/agencies include: the National Science Foundation (Space Grant/EPSCoR, Pre-service Education), Department of Education (AMERICA 2000, International Assessment Studies, Christa McAuliffe Fellowships), Department of Agriculture (Space Grant/Land Grant), Department of Energy ("On Line" Information Dissemination, Chicago Teachers Academy, Tri-State Education Initiative, PBS, teacher workshops).

While the aforementioned activities provide mechanisms to internally coordinate NASA's education program, a broader, long-range planning effort is currently under development. The Strategic Plan for Education is being developed in consultation with NASA Headquarters Program Offices and NASA Field Centers in support of the national education reform agenda. Once completed, the plan will provide agencywide direction for NASA's education program, supporting and aligned with the FCCSET/CEIIR

strategic plan. During FY 1993, the Director of the Education Division will work with each NASA Field Center to develop Center specific education plans in support of the Agency's Strategic Plan for Education. This significant planning effort will not only provide a focused direction for NASA's education program, but will also provide a management tool for coordination and evaluation.

Thus, to effectively serve the needs of the national education community, NASA will ensure that the Agency's education program is coordinated through a strong internal management structure with a clear direction for the future, as outlined in the following objectives.

Objective: Enhance internal communication and coordination of NASA's education program.

Milestones: FY 1992 - Designate an Associate Administrator for Human Resources and Education. (Completed: October 1991)

FY 1992 - Each NASA Program Associate Administrator and each Field Center Director will designate an individual to serve as the focal point for the programs implemented by Field Centers. (Completed: April 1992)

Objective: Develop an agencywide plan for long-range coordination of NASA's education program.

Milestones: FY 1993 - Complete the NASA Strategic Plan for Education. Initiate individual Center education planning efforts.

FY 1994 - Complete Center education plans in support of Agency Strategic Plan for Education.

II. EXTERNAL COORDINATION AND INFORMATION DISSEMINATION

In the late 1980's, NASA initiated a plan for educational program and information dissemination nationwide. Fundamental to this plan was the realization that, even with significant increases in personnel, NASA's ability to work directly with teachers through its Field Centers or in their schools is limited. The Agency's planning has since evolved into a three-part approach:

1. A physical presence in each state;
2. Electronic delivery systems; and
3. High-leverage activities through partnerships with other educational, industrial, and non-profit associations.

Physical Presence in Each State

NASA realizes that not every educator and student can visit a Field Center. Therefore, in order to facilitate the Agency's impact on the national education system, NASA is developing a physical presence in each state. This national network will provide distribution points for the dissemination of NASA educational materials and program information.

In the mid-1980's, NASA established the NASA Teacher Resource Center Network (TRCN), which provides an information dissemination point in each state for the distribution of NASA information and education materials (e.g., videotapes, audio tapes, slides, software, and printed materials).

Currently this network is located at all NASA Field Centers and in 36 states serving over 90,000 teachers nationwide. These centers, formed through a Space Act Agreement between a NASA Center and a non-profit educational entity (e.g., a school, university, museum, or planetarium), provide a national network for education program information and materials dissemination—a capability that is unique among mission agencies.

In the Higher Education Branch of the Education Division, the National Space Grant College and Fellowship Program ("Space Grant") was designed to maintain the Nation's preeminence in aeronautics, space science, and technology. Under the Space Grant Program, a national network of academic institutions, industry affiliates, and state and local government and non-profit institutions has been formed. Space Grant programs have been established in every state as well as in the District of Columbia and Puerto Rico. Each of these consortia receives NASA funds to conduct balanced programs of research, education, and public service (education outreach).

In 1991, the 52 consortia, representing more than 300 academic institutions (including 26 Historically Black Colleges and Universities, 25 "other minority institutions," and approximately 20 community colleges), awarded 1,175 fellowships, divided between undergraduate and graduate students. Of this number, 19 percent were awarded to members of underrepresented minority groups and 34 percent to women. There were more than 300 elementary/secondary and other public outreach programs supported by Space Grant consortia. Also during this year, many interdisciplinary courses and programs were introduced, along with other avenues of curricular reform. In the area of research infrastructure, many small research grants were awarded to faculty and students, faculty release time was granted, and conferences were held to study new potential research areas.

Anecdotal evidence of program success abounds. The Pennsylvania Space Grant Consortium helped develop a TV sequence which has reached seven million children. The Hawaii Space Grant Program leveraged two tenure track faculty positions from their state legislature. The Virginia Space Grant Program ran a successful competition for a student-designed program to plan the National Aerospace Plane. Though relatively new, the Space Grant Program is achieving significant educational outreach success.

Through the Teacher Resource Center Network and the National Space Grant College and Fellowship Program, NASA is building a national infrastructure for program information dissemination. This infrastructure represents a significant part of NASA's plan to reach and leverage its programs and materials to a broader segment of the education community. Through the following objectives, we will continue to expand and strengthen this network until NASA has a physical presence in every state.

Objective: Expand the Teacher Resource Center Network to include at least one NASA Teacher Resource Center (TRC) in each state.

Milestone: FY 1994 - Establish at least one TRC in each of the 14 states not currently being served.

Objective: Refine and enhance the National Space Grant College and Fellowship Program.

Milestones: FY 1993 - Develop five Regional Space Grant Consortia to share program successes and to develop educational and research opportunities from a geographical perspective.

FY 1993 - Develop an effective electronic communications system for sharing program innovations and successes among the Consortia members.

FY 1995 - Establish a foundation for an extension component to Space Grant, similar to that of Land and Sea Grant Programs. (To be done in consultation with the U.S. Department of Agriculture and the National Oceanic and Atmospheric Administration)

Electronic Delivery Systems

A physical presence in each state cannot reach all students and teachers. However, with educational technologies such as satellite communications and on-line computer information systems, every school, no matter how remote, can have immediate access to NASA information and educational materials. In expanding NASA's educational delivery systems for both follow-up activities and to serve those educators not reached through direct participation programs, various electronic delivery systems have been established over the past five years.

For example, NASA produces videoconferences for precollege teachers each year. These in-service videoconferences are received by approximately 2,000 registered educational sites in all 50 states, Canada, and Mexico. In addition, NASA Select, NASA's internal communications television system, includes a segment of educational programming each day, as well as Space Shuttle mission coverage and public science literacy programming. Through Spacelink, NASA's on-line computer information system, educators can receive aerospace-related news releases, technical reports, summaries of space missions, and educational teacher guides, lesson plans, and software.

NASA also participates in the Federal Information Exchange System (FEDIX), a project begun by the Department of Energy. FEDIX is an on-line information service that links the higher education community and the Federal Government, facilitating research, education, and services. The system provides accurate and timely Federal agency information on topics such as: new funding opportunities for specific research and education activities; excess Government research equipment; minority assistance research and education programs; and scholarships, fellowships, and grants. This project now includes over 12 Federal departments and agencies.

Printed and electronic publications are still required to supplement the curriculum taught by teachers in their schools. Therefore, NASA produces education publications ranging from teacher guides, videotapes, and educational software to CD-ROM (Compact Disc-Read Only Memory) products and video discs. Teachers learn of the availability of these materials through professional conferences, workshops, NASA Spacelink, videoconferences, newsletters, NASA Select, and the NASA Teacher Resource Center Network. In addition, all printed and computer based materials are available electronically through NASA Spacelink.

To increase the availability of NASA supplementary curriculum materials, the Education Division has developed a three-component dissemination strategy for materials which includes:

1. NASA Spacelink as the mechanism for the electronic dissemination of text and graphics;
2. NASA Select for the dissemination of videos; and

3. The NASA Teacher Resource Centers for on-site acquisition of materials by teachers.

The NASA Strategic Plan for Education includes specific objectives to expand and enhance this dissemination network to better serve the Nation's educators.

Objective: Enhance NASA Spacelink by providing toll-free access via computer networks and implementing additional computer communications capabilities.

Milestones: FY 1992 - Implement Spacelink Internet access.
(Completed: October, 1991)

FY 1993 - Establish toll-free telephone networks to supplement Internet access.

Objective: Enhance the technological capabilities of the Teacher Resource Center Network.

Milestone: FY 1994 - Begin upgrading TRC equipment to include modern educational technologies such as computers, multimedia systems, and computer network systems.

Objective: Expand NASA Select by including a designated educational program period of approximately one-hour per school-day and making Select available to other education networks such as the Cable Alliance for Education and the U.S. Department of Education's Star Schools program.

Milestone: FY 1993 - Implement daily segment of educational programming.

FY 1993 - Inform educational organizations, networks, and teachers of NASA Select programming.

FY 1993 - Produce and distribute a monthly program guide via NASA Spacelink and other educational channels.

Objective: Maintain and support FEDIX.

Milestone: FY 1993 - Review a proposal for on-line submission of grant proposals and make a funding decision.

High-Leverage Activities

The NASA Field Centers, the Teacher Resource Center Network, Space Grant Consortia, and satellite and on-line computer systems are excellent mechanisms for the dissemination of education services and information. However, there are limits to what NASA can directly accomplish. Therefore, NASA is taking additional steps to develop high-leverage educational projects to support the national education reform movement through partnerships with public and private organizations.

Initiated by NASA in late 1990, the Agency's role in the Tri-State Education Initiative (TSEI) will be the facilitator or catalyst for promoting and supporting the innovative efforts of communities in a 50-mile radius area in Alabama-Mississippi-Tennessee to develop a quality education system—a system that will permit their citizens to obtain the necessary skills for

gainful employment in America's high-technology economy. Working in cooperation with other Federal, state, local, and private organizations, a 29-member consortium of school systems has been established within the 9,800 mile, eight county area. This effort is directed at accomplishing the National Education Goals and the AMERICA 2000 strategy by facilitating systemic change in the 220 schools in the area. Designed as a potential adaptive model, program implementation is underway, enthusiastic community involvement and support has been generated, and the underserved educational systems are initiating meaningful systemic change.

Another example of NASA's effort to leverage its activities to a broader segment of the educational community is the significant support it has provided to national education conventions. During FY 1992, NASA significantly supported four major conventions: (1) the National Science Teachers Association (NSTA), (2) the National Council for Teachers of Mathematics (NCTM), (3) the National Congress on Aviation and Space Education (NCASE), and (4) the International Technology Education Association (ITEA). At the NSTA Convention, which draws approximately 19,000 science educators from throughout the Nation, NASA sponsored 24 exhibits to expose teachers and college faculty to NASA research and development activities. All exhibits provided educators teaching material that can be used with their classes. One exhibit, for example, featured "ask an astronomer" where astronomers from the NASA science community were available for one-to-one discussions with teachers. In addition, 16 NASA scientists and educational specialists presented teacher workshops to science educators covering such topics as: The Great Observatories in Space Astronomy, Space Physics, Aeronautics, and Space Exploration. A similar level of support was provided to the other national convention sites. NASA plans to continue this effort in FY 1993-1994. Underlying all aspects of this activity was the dissemination of information to educators on accessing NASA educational resources and information.

To leverage NASA's impact on a broader segment of the education community, numerous initiatives have been undertaken in the past two years. In cooperation with a group of its major private sector contractors, the NASA-Industry Education Initiative (NIEI) began in FY 1991 as a voluntary cooperative effort for accomplishing the National Education Goals by the year 2000. Aligned with the FCCSET/CEHR priorities, the first "Education Programs Report," was released in July, 1992. The report inventories programs of the 26 NASA contractor participants which support American education at all levels. The study found: (a) 581 identifiable programs being supported; (b) financial support by the participants totaling over \$100 million; and (c) 4.8 million participants in these programs. This effort will be continued and expanded during FY 1992-1993 to further support the national reform movement.

NASA will continue to pursue high-leverage educational activities and to expand and strengthen partnerships in order to make the broadest possible impact on the national education reform movement through the following objectives.

Objective: Establish a NASA-funded position with professional organizations responsible for developing curriculum standards in science.

Milestone: FY 1993 - Provide funding to the National Research Council to ensure that NASA programs are in concert with the national science standards currently under development.

Objective: In collaboration with the leadership of major educational associations (e.g., NSTA, NCTM, ITEA), continue to expand NASA's presence at annual national conventions.

Milestone: FY 1993 - Introduce an innovative presentation format to demonstrate aerospace science, mathematics, and technology activities for teachers at the NSTA, NCTM, and ITEA conventions.

Objective: Initiate the NASA Industry Education Initiative (NIEI) to coordinate industry education programs with NASA's.

Milestone: FY 1992 - Produce and disseminate the first NIEI report. (Completed: July 1992)

FY 1993 - Regularly meet with the NIEI Working Group to share information and disseminate program information.

FY 1993 - Commence activities recommended in the initial NIEI report.

Objective: Implement the Tri-State Education Initiative as a benchmark program for federal collaborative efforts with local school personnel to implement the National Education Goals.

Milestone: FY 1992 - Implement a NASA Teacher Resource Center for use by educators in the area. (Completed: October 1991)

FY 1992 - Employ a NASA program director and support personnel to manage the Agency's education program in the Tri-State region. (Completed: January 1992)

FY 1993 - Develop an advanced computer communications network as requested by the local schools.

Objective: Establish a Volunteer Precollege Outreach Program in partnership with the American Institute for Aeronautics and Astronautics (AIAA).

Milestones: FY 1993 - Convene a workshop composed of a task group of experts to outline an implementation manual for school presentations.

FY 1993 - Produce and distribute a "How-to Guide" for elementary and secondary education programs.

Objective: Foster partnerships with schools, museums, civic groups, and similar organizations through loans of exhibits, NASA hardware, and other educational materials

Milestone: FY 1993 - Continued discussion and cooperation on collaborative efforts with the Association of Science and Technology Centers.

IV. CONCLUSION

NASA has taken significant actions over the past years to coordinate and disseminate educational information among its facilities and within the education community. In addition to direct interaction between educators and personnel at the Field Centers, NASA provides information, materials, and services to the larger education community through a three-part dissemination strategy which includes: a physical presence in every state

through the Teacher Resource Center Network and the Space Grant program; electronic delivery systems such as satellite videoconferences, NASA Select, NASA Spacelink, and FEDIX; and high-leverage activities through partnerships with other educational, industrial, and non-profit associations. By successfully utilizing this effective distribution network, NASA will have a genuine impact on the national education reform movement.

When the Strategic Plan for Education is completed in November 1992, it will outline the standards by which NASA will measure its education program, including an expanded plan for the dissemination of program information, products, and services. By leveraging NASA's unique resources—its facilities and personnel—we are using NASA's inspiring mission as a vehicle for teaching and for learning. As a Federal agency with a vested interest in the nation's scientific and technological health, the educational health of this Nation is not only an opportunity for NASA, it is an obligation.

APPENDIX A

EDUCATION COORDINATORS

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Education Technology: NASA has made a major commitment to the application of technology in its strategic plan for education, making extensive use of technology to facilitate its education programs and to enhance the cost-effectiveness of education outreach. Four priority areas have been established. These areas include (1) research -- providing access to NASA's research data; (2) technology translation -- NASA technologies and software tools are adapted to the needs of elementary and secondary teachers, and faculty; (3) curriculum materials -- interactive technologies such as computers and multimedia systems are utilized to deliver information about the space program; and, (4) dissemination -- use of telecommunications systems and a NASA presence in every state.

Program Evaluation: Another FY 1994 initiative is continued emphasis on NASA's education program evaluation. A database of evaluation indicator data is being expanded in FY 1994. Furthermore, NASA has commissioned a study to identify evaluation indicators to be undertaken by the National Research Council (NRC). It is expected that this report will be complete and available for analysis and dissemination in FY 1995. A copy of NASA's Strategic Plan for Education is enclosed.

Question 7: In what ways can you use your technology to expand your educational efforts?

Answer 7: NASA programs generate data and information which are used by the scientific community, but can also be utilized by students and teachers in the education community. Educators, however, have unique needs with respect to data access and supplementary curriculum materials. To meet these needs, curriculum materials utilizing NASA research data will be developed to support the Nation's education goals and curriculum standards. Our data access program supports active involvement, called participatory science, by both students and teachers in scientific research activities. Likewise, NASA technology development results in technologies and software tools which can benefit the education community if translated and adapted to the needs of teachers and faculty. Finally, it is imperative that NASA's dissemination efforts be robust enough to support its education program. We have established a dissemination program which includes videoconferences for teachers, expanded use of SpaceLink, NASA's electronic information service for educators and students, and the production of high-quality educational videos for NASA Select.

Question 8: Has NASA met the terms of PL 102-588 and begun the process of establishing an Experimental Program to Stimulate Competitive Research (EPSCoR) at NASA in the current fiscal year?

Answer 8: Yes. A program announcement was mailed in June 1993 to approximately 1,000 individuals in states designated as EPSCoR states. Proposals are due by September 10, and it is anticipated that, following a merit-based, peer-reviewed competition, selections will be announced no later than December 31, 1993.

Question 9: The FY 1994 NASA budget request identifies \$5 million that will be used to continue the NASA EPSCoR program. Please explain NASA's plans for these funds.

Answer 9: It is expected that these funds will support the selection of up to nine NASA EPSCoR states. The awards will support the first year of a three-year continuing grant.

Question 10: What is the NASA funding request for the National Space Grant College and Fellowship Program? How much of this goes to Capability Enhancement grants?

Answer 10: NASA has requested \$14.5 million for the National Space Grant College and Fellowship Program in FY 1994. Between \$3 million and \$3.5 million will be divided among 17 Capability Enhancement states.

Question 11: Please describe the Space Grant Capability Enhancement grants. This is an education program rather than a research program. How does this program differ from EPSCoR?

Answer 11: While the Space Grant College and Fellowship Program certainly emphasizes education, it is by no means only an education program. Rather, it is, as intended by legislation, a balanced program of research, education and public service. Because all 50 states, the District of Columbia, and Puerto Rico are involved, the emphasis of each consortium is distinct. In the 17 states awarded Capability Enhancement grants, the emphasis is indeed on enhancing research infrastructure, and, in this respect, there is no difference between the goals of the Capability Enhancement program and the EPSCoR program (or JOVE). In fact, NASA has required that EPSCoR proposals must be coordinated between the managing organizations of both NASA Space Grant and NSF EPSCoR and submitted above the signatures of the Space Grant Director and EPSCoR State Chairman. Grants will be awarded to, and administered by, the Space Grant Director unless individual case exceptions are approved by NASA. The outstanding difference between these two programs, then, is the amount of money awarded. Capability Enhancement states receive sums of between \$170,000 and \$205,000 annually (depending on the size of the consortium) while NASA EPSCoR states will receive awards of \$500,000 a year for at least three years.

Question 12: What is the Joint Venture (JOVE) program? How does it differ from EPSCoR?

Answer 12: The NASA/University Joint Venture (JOVE) Program is designed to build research capabilities and broaden direct participation in space science in institutions with little or no involvement in the Nation's space program. In this respect, the goals of JOVE and EPSCoR (and Space Grant Capability Enhancement) are the same, that is, to boost a state's aerospace research capabilities. JOVE fosters research capability development by supporting individual principal investigators (PIs), while EPSCoR, on the other hand, supports statewide institutional efforts through universities, with the state determining the method. Procedures may include supporting individual PIs, or funding collaborative research projects with a common focus (called "clusters"). The corresponding goals of the Space Grant Capability Enhancement program (originally intended to be NASA's EPSCoR program), EPSCoR, and JOVE, indicate that NASA has implemented, or is in the process of implementing, several meaningful programs designed to foster development of aerospace research and development in particular states throughout the Nation.

QUESTION SUBMITTED BY SENATOR FEINSTEIN

Question 1: I understand that this year's NASA budget for NASP is \$80 million but the Defense Department's budget for the plane is only \$43.4 million. Hasn't funding for NASP historically been 2 to 1 -- Defense Department to NASA?

Answer 1: A ratio of 2 Defense dollars to 1 NASA dollar has been considered the ideal goal throughout the program's history, but has never been realized. A funding history is provided below (\$ in millions):

	<u>DoD</u>	<u>NASA</u>	<u>Industry</u>
1986	45	16	190
1987	110	65	153
1988	183	70	119
1989	231	89	147
1990	194	60	127
1991	162	95	0*
1992	200	5	0*
1993	143	0	0*

*after NASP contractors formed a single team

QUESTIONS SUBMITTED BY SENATOR D'AMATO

FY 1994 NASA Budget

Question 1: I understand that the Advanced Solid Rocket Motor has slipped beyond the year 2000. Is that correct? If so, what is the service life of the Shuttle? At what point in the future does the limited remaining life of the Shuttle render the ASRM too costly to justify?

Answer 1: NASA's FY 1994 budget request supports an Advanced Solid Rocket Motor first flight in December 2000. There has been no change to this schedule since the FY 1994 budget submission. NASA is completing the Access to Space Study which investigates three alternatives for providing long term U.S. launch capability. Option 1 assumes the Shuttle will continue to be flown through the year 2030. The study will identify the improvements necessary in order to keep the Shuttle flying safely and efficiently through that time. Option 2 envisions selective improvements to the Shuttle and a phase out beginning in 2005. A new expendable vehicle using conventional technology would become the workhorse of the launch fleet. Option 3 is characterized by an entirely new advanced technology vehicle that represents a "leapfrog" capability of single stage-to-orbit or two-stage to orbit combining airbreathing and rocket propulsion. There would be selective improvements to the current orbiter fleet prior to phase out commencing in 2008. The study is predicated on launch requirements from NASA, DOD and the commercial sector and will result in a series of recommendations to help focus the national debate on future space access.

The primary justifications for the ASRM program are improvements to Shuttle's system safety and reliability and increased payload lift capability not cost. These objectives are achieved in the following ways: (1) an improved motor design that reduces hot gas leak paths by 88 percent, (2) a reduction in the number of segments from four in the RSRM to three, (3) use of welded factory joints, (4) field joints designed to close under operating pressure, (5) decreased SSME throttling requirements which result in significant system enhancements and benefits particularly for engine-out scenarios, (6) a highly automated manufacturing process that minimizes variations in production and enhances quality control, and (7) use of non-asbestos insulation which eliminates the risks associated with asbestos. Payload lift capability will be increased by 12,000 pounds due to larger diameter motors and the use of higher performance propellants.

While cost savings are not the primary rationale for the ASRM program, savings are anticipated in the areas of lower case refurbishment costs due to the highly automated government owned contractor operated manufacturing facilities and reduced flight requirements due to the increased payload capability. The remaining number of years Shuttle must continue to fly to redeem the continued investment costs for the project has not been quantified.

Question 2: Operating costs per passenger mile appears to be a critical measure for the airline industry when considering the introduction of new types of aircraft. What is NASA doing now to ensure that the High Speed Civil Transport will not just achieve technical goals, but economic requirements as well?

Answer 2: Since its beginning in FY 1990, the High Speed Research Program has focused on developing technologies to ensure that a future High Speed Civil

Transport (HSCT) will be environmentally friendly. Phase II of this program, planned for FY 1994 - 2001, is aimed at ensuring that such an aircraft will be economical to build, operate, and maintain. Technology elements in Phase II include airframe materials and structures, aerodynamic performance and integration, advanced flight deck systems, and critical propulsion materials and components.

Question 3: Please describe the advantages of the non-competitive, versus competitive, selection of a single prime contractor/integrator called for in the space station redesigned acquisition strategy.

Answer 3: In this instance, the primary advantage of a non-competitive selection process versus a competitive selection process is the length of time the process takes. A non-competitive decision can be completed in 1 or 2 months. A formal competition will take up to 12 months. A non-competitive selection decision will allow the space station realigned program to quickly move forward to build on the current efforts of the Freedom program which recently completed Critical Design Review and is beginning to build flight hardware. It is paramount that this momentum be maintained, International agreements be honored, and that limited fiscal resources are spent wisely. Time is therefore of the essence.

Question 4: The space station redesign acquisition strategy also calls for the use of a cost-plus-award-fee contract with fee for incentive performance milestones. What other type of contracts did NASA consider? What are the advantages and disadvantages of each? How, specifically will a cost-plus-award fee contract with fee for incentive performance milestones allow NASA to enforce cost, schedule, and performance discipline?

Answer 4: There are two basic type contracts, fixed price and cost. In a fixed price contract, the contractor assumes the majority of the risk. The Government reimburses the contractor upon delivery and performance of the items. Typically, the contract is used for commercial hardware, supplies, or production contracts. The key to a fixed price contract is the ability to clearly define what is required by specifications, drawings, brand name, etc. The contractor has the incentive to deliver a working item the first time because his payment is based on such. There is no payment for non-working items. There are variations of fixed price contracts where performance is incentivized. However, the parties must still be able to clearly define the requirements.

Fixed price contracts have little application in the design and development of unique, one time specialty items where specifications are not clearly understood or being generated as the work is proceeding. This is magnified by situations in which program designs are constantly under revision. Due to the uncertainties in technical configuration, launch schedule, and funding availability a fixed price contract is wholly inappropriate for the space station activity. A cost contract is the proper contract vehicle.

In the cost environment, the Government will reimburse the contractor for all reasonable and allocable costs. The Government assumes a share of the risks and the contractor's profits/fee are commensurate with the risk. The Government can issue technical direction to alter the work direction within the technical work scope. The biggest disadvantage in a cost contract is that the contractor has little incentive to achieve overall program efficiencies since the Federal Acquisition Regulations provides that cost will be reimbursed by the Government.

The method used to motivate the contractor to manage the contract in the best manner is the fee process. A cost-plus-fixed-fee contract does not provide the leverage to motivate the contractor. An award fee contract provides the needed leverage because the contractor's fee is based on assessments by the Government that is not disputable by the Contractor.

The anticipated fee arrangements for the new space station program are based on a three pronged approach. The fee elements will include a low or zero base fee; periodic award fee tailored to recognize technical performance, program management, cost and schedule performance, program integration, and subcontract management, and incentivized performance fee.

The award fee weighing will be tailored to the specific needs of the program. The weighing of the evaluation areas for the upcoming period will be reviewed prior to the beginning of each period. Appropriate weights will be applied to the areas that require the greatest attention and risk to the program.

The performance incentive fee will provide additional incentives to ensure that the contract has the necessary performance characteristics. While no fee arrangements can totally guarantee a successful program, the right combination of fee can greatly motivate the contractor along a successful path.

QUESTIONS SUBMITTED BY SENATOR BOND

Question 1: What are the three most important actions NASA can take to help the U.S. aerospace industry maintain its leadership into the next century? Is it improving facilities, building a space station, building a HSCT -- where should we put our focus?

Answer 1: To maintain leadership, the U.S. aerospace industry must build on today's strengths while looking to tomorrow. All of NASA's programs are essentially investments in the future. For example, NASA's Aeronautics Program is aimed at strengthening the U.S. civil aviation industry by providing new technologies to ensure a safe, productive air system with a new generation of safe, quiet, environmentally friendly American aircraft. NASA works very closely with the aviation industry to plan and carry out the Aeronautics Program, in order to make sure our investments pay off. We plan to substantially increase our aeronautics investment over the next several years in the areas of High Speed Research, Advanced Subsonic Technologies, and National Facilities, which have been identified by NASA and its industry and university partners as crucial to U.S. competitiveness in the next century.

Question 2: The National Aero-Space Plane is a program that I believe is critical to the long-term future of the U.S. aerospace industry. That program, like many other research programs, has experienced funding troubles over the past few years. What is your outlook for the program? Is NASA still committed to it? How does NASP fit in with the President's new technology initiatives? How does NASP fit in with the new focus on aeronautics? Do you see NASP playing a role in a next generation of launch vehicles?

Answer 2. NASA remains strongly committed to the National Aero-Space Plane (NASP) Program. NASP is a successful NASA-Department of Defense joint program which, although ultimately aimed at developing revolutionary technologies for military and civilian space launch needs, is already transferring advanced technologies to aerospace and other industries. Further, NASP is an integral part of NASA's revitalized Aeronautics Program, focusing on capabilities for the longer term as the Advanced Subsonic Technology Program and the High Speed Research Program are addressing near- and mid-term needs.

Question 3: It is my understanding that space station redesign option C requires special one-time modifications to the Kennedy Space Center launch facility with costs estimated in the \$500 million to \$1 billion range. Also, I understand that option C does not include any test flights other than one flight readiness firing at KSC, or any structural qualification of the so-called "can". This is in contrast to the Skylab program where we used a fully-qualified structure and did not modify the launch vehicle. We had significant difficulties with that operation and almost lost an orbital vehicle -- a rescue and repair mission were required. Given these historical facts, what costs have you included in the estimates for the KSC modifications and the qualification for option C?

Answer 3: The modifications to the launch complex at the Kennedy Space Center were estimated at \$380 million. These modifications included:

- The Orbiter Processing Facility to check out the aft fuselage and transition structure;

- The Vehicle Assembly Building high bay extendable platforms to support the mating of the launch vehicle element to the Space Shuttle external tank;
- The Mobile Launcher Platform to access and service the aft fuselage of the launch vehicle element;
- The launch pad to provide access to the transition section (service the hypergolic propulsion system and connect the solid rocket booster ordnance);
- The Space Station Processing Facility for the buildup, outfitting and subsystems assembly, installation and checkout of the core module and integration testing and checkout of the aft fuselage.

The Option C plan did not include a test flight. However, it included two fully outfitted single launch core modules in the unlikely event that a problem developed with the launch vehicle causing the loss of the first module. Also, the option did not provide a specific structural test article. However, both of the modules were planned to be tested to 1.3 times maximum design loads. This was judged to be better than testing with a structural test article because the actual "as-built" flight article is tested. The reason this is not normally done is the risk of losing the flight article during the test, primarily because of test error. This is essentially the same process that is used on the external tank. To avoid problems, such as encountered in the Skylab program, a Shuttle mission was planned within a week of the launch of the core station to accomplish any needed repairs. As you may know, Option C was not selected by President Clinton. He announced his selection of Option A, with appropriate enhancements, on June 17, 1993.

Question 4: Several of the options that have been proposed would require cancellation of contracts, renegotiation of contracts, and noncompetitive awards of sole source contracts. How do you plan to handle these actions? Under what contracting authorities do you plan to handle any terminations or sole source award?

Answer 4: Under the Option A configuration and in conjunction with prime contract realignment to single prime contractor at the host center, supporting development contracts at the various support centers will undergo a programmatic review. Duplicate contracts or contracts that are no longer required will be descoped, allowed to expire, or terminated, as appropriate. Contracts subject to termination will be done so in accordance with the contract "Termination" clause. Any contracts that require a change in scope will be done so in accordance with the contract "Changes" clause. This will require bilateral negotiations to definitize the process.

Under the single prime concept, the Government has selected Boeing as the single prime contractor from the current Space Station Freedom Prime Contractors. Even though this contractor has been announced to the public, the acquisition process for this transaction will not be implemented until the 30 day notification period expires as explained below:

The authority to utilize this contractor will be accomplished by an exception to the Competition in Contracting Act, 10 U.S.C. 2304 (c)(7) Public Interest. A Determination and Findings (D&F) has been prepared by the Agency to authorize the selected single prime contractor by the exception referenced above. This document will be signed by the NASA Administrator and forwarded to Congress. The D&F provides NASA's supporting rationale for the selection decision. The Federal Acquisition Regulation requires that the Congress be notified in writing of such determination no less than 30 days before award of the contract.

Question 5: The administration has said that it is committed to defense conversion and has indicated that it intends to spend a substantial amount of money on helping defense companies transition to non-defense programs. The space station seems like a perfect conversion program which will allow defense companies to put their skills to work on a project with great promise in commercial and health related fields. Despite the promise of this program, the administration has undertaken this redesign process, only 2 years after the station underwent a major redesign. This threatens support for the program not only in Congress but also from our international partners. Does the administration see this as conversion program? Is the administration truly committed to deploying a working space station? Why do we need yet another redesign?

Answer 5: While it is true that the civilian aerospace industry is closely tied to the defense industry and utilizes essentially the same skills, an existing program by itself cannot be a defense conversion program unless it is increased substantially to include former defense workers. However, continuing to develop the space station helps to maintain our technological base. In a press conference on June 15, 1993 when asked about the fate of the space station, President Clinton said: "I do think it is important to recognize that the space station offers us the potential of working with other nations, and continuing our lead in a very important area and having significant technological impact. And in the aftermath of all cutbacks in defense, and what they mean for science and technology, it is something that we should in my judgement consider very carefully."

The administration is committed to deploying a space station. In a statement of the President released on June 17 about the redesign effort, President Clinton stated: "Budget cuts alone will not restore our vitality. I believe strongly that NASA and the space station program represent important investments in [our] future, and that these investments will yield benefits in medical research, aerospace and other critical technology areas." However in so doing, "we must invest in technology, but invest wisely." NASA has offered a plan to substantially reduce costs, and improve management while preserving research capability. The administrations' New Technology Investments are being recommended to utilize savings from the space station program to invest in other worthwhile technologies. By spending the governments resources more efficiently, it will be possible invest in other worthwhile tasks without overburdening the federal budget.

Question 6: What steps have we taken to reassure our international partners that we are committed to the Station and to encourage them to remain with the program rather than assuming that we are on the first step toward killing the program?

Answer 6: The partners were involved in the redesign process which developed the options which were presented to the president through the Blue-Ribbon Panel. Similarly, they are participating in the space station transition work underway in Crystal City. We meet with them regularly at various levels (from technical to heads-of-agency) to discuss options under consideration in the redesign and to address any concerns they might have.

QUESTIONS SUBMITTED BY SENATOR BURNS

Question 1: I am excited about the development of the High Speed Transport plane. I think that it will revolutionize the way we move around this planet. And it is needed. The aviation industry in this country is in trouble and needs a bit of government assistance to get back on its feet. This program may provide that needed help. However, this is an exceptionally complicated process and we don't want to hurt the industry that we are trying to help. What, in your view, are some of the problems associated with getting this program underway and succeeding?

Answer 1: NASA has worked very closely with industry to plan the High Speed Research (HSR) Program whose objective is to provide basic technologies that will enable industry to build a High Speed Civil Transport (HSCT) early in the next century. The major challenges to a successful HSCT are environmental and economic; that is, can we build an HSCT that will not harm the environment and that will be economical for airlines to own and operate? The NASA HSR program has been designed, with industry and university participation, to answer these tough questions. Phase I of the program, begun in 1990, is addressing environmental concerns. Results to date are very encouraging, and we believe an HSCT can be built which will do minimal or no damage to the ozone layer, be as quiet as state-of-the-art subsonic aircraft, and have a sonic boom that is not harmful to human or animal life. While we continue Phase I, in FY 1994 we plan to begin Phase II, which will address economic issues. Technology elements in Phase II include airframe materials and structures, aerodynamic performance and integration, advanced flight deck systems, and critical propulsion materials and components.

Question 2: One of the problems with NASA in the past, has been the closed nature of the programs. But development of the High Speed plane is an effort to help an existing industry. How do you plan to commercialize the advancements that come out of this work?

Answer 2: NASA believes a close industry-government partnership is essential to the effective commercialization and use of NASA-developed technologies. To that end, NASA has worked very closely with industry to develop plans for the High Speed Research Program to ensure that the program will meet industry's needs. Throughout the Program's implementation, NASA has and will continue to work closely to transfer the technologies that are developed to industry. A total investment of approximately \$4.5 billion is required before a decision can be made by industry whether to go ahead with development of a High Speed Civil Transport; NASA's program is planned at a level of \$1.9 billion, with industry continuing technology development and validation prior to a production decision.

Question 3: As we begin work on the High Speed plane, NASA is discovering that this country's aviation testing and development infrastructure has deteriorated or become inadequate for the job. I understand that there are currently no wind tunnels adequate to test the models available in this country. How will this inadequate infrastructure be addressed in this effort?

Answer 3: Key capabilities do exist in the U.S. and are already being used in the High Speed Research Program. For example, the National Transonic Facility at Langley

Research Center in Hampton, Virginia, is the best facility in the world for simulating actual flight conditions. Currently, NASA is leading a National Facility Study, which includes a number of other Federal agencies, to determine needs for future aeronautics and space facilities. This effort is not part of the High Speed Research Program, but will determine facilities needed for that and other efforts.

Question 4: We are working on a technology in Montana that may hold some promise for NASA in its work on the High Speed plane. Our research centers around the high temperature burning of coal. The physics are pretty complicated but the process is relatively simple. The coal is sprayed at high speeds and at high temperature through an electromagnetic field in order to generate electricity very efficiently. Some aspects of this work may have applications to the work you are doing:

- There are no emissions out the other end - it's clean burning and won't harm the ozone layer
- It's done at high speeds in excess of Mach 6
- It's done at high temperatures, about 4,500 degrees -- the same as might be expected of a high performance engine
- Because of the high temperatures, the nozzle is ceramic, as is the case.

So there are a lot of possibilities for the project in this MHD research going on in Montana. I have visited with Dr. Harris and have invited him to Montana to take a look at the research and see if there is a fit.

Answer 4: NASA Administrator Daniel Goldin travelled to Butte, Montana, to tour the facility on August 30, 1993.

QUESTIONS SUBMITTED BY SENATOR BYRD

National Technology Transfer Center (NTTC), West Virginia

Administrator Goldin, the Senate and Conference reports accompanying the FY 1989 VA-HUD Appropriations bills included language, at my request, which directed NASA to develop a definition/design study and a five-year plan for the National Technology Transfer Center (NTTC), "which would be located in West Virginia."

The FY 1990 VA-HUD Appropriations bill included my amendment in the amount of \$4 million with report language directing NASA "to initiate and establish the National Technology Transfer Center at Wheeling Jesuit College."

The FY 1991 VA-HUD Appropriations bill included, with my support, the full budget request of \$5 million to continue the program.

The FY 1992 VA-HUD Appropriations bill included, at my request, an amendment in the amount of \$13.5 million for construction of the National Technology Transfer Center. The bill also included, with my support, the full budget request of \$9 million for the program.

The NTTC is intended to stimulate economic development on a nationwide basis and enhance the ability of the United States to compete in world markets by providing a vital link (that is currently missing) between the federal technology delivery systems and the potential technology user community. It will do this by enabling the private sector to make productive use of federally-sponsored research efforts. It will also be a mechanism through which federal agencies may fulfill their mission to make research results available to the private sector, thus increasing taxpayer return on investment.

The FY 1993 VA-HUD Appropriations bill included, with my support, the full budget request of \$4.4 million for the operation of the National Technology Transfer Center.

On October 23, 1992, I wrote to you asking for a status report, including significant milestone events, leading to full implementation of the National Technology Transfer Center. Your response on February 8, 1993, indicated that the current schedule is as follows:

WJC Facility Proposal to NASA	April 1992
Facility Grant Awarded to WJC	June 21, 1992
Complete Design	March 1993
Estimated Completion of Design, Construction, Equipping and Integration	December 1994

Question: Please update for the record the status of the NTTC according to the milestone plan. May I have your assurances that every effort will be made to keep this project on its current schedule?

Answer: NTTC Facility Project--Current Schedule

Facility Grant Awarded to WJC	June 1992
Design Complete	September 1993
Construction Start	October 1993
Construction Complete	December 1994
Activation	March 1995

Wheeling Jesuit College has hired Turner Construction to perform as construction manager which should help assure that the project is completed on schedule and within budget.

Question: At last year's hearing, I asked Admiral Truly to approximate the number of man-years of employment and average salary which will be generated in the construction of the NTTC facility and indicate the period over which these personnel will be employed. Admiral Truly's response was the "Accurate estimates regarding the man-years required to construct the facility and the associated average salaries will be possible once the engineering and architectural design is completed please provide the approximate number of man-years of employment and average salary which will be generated in the construction of the NTTC facility and indicate the period over which these personnel will be employed.

Answer: The approximate number of man-years of employment for the construction of the NTTC facility is 66 with an approximate average salary of \$2,900 per month (\$34,800 per year). Construction personnel will be employed for 15 months (Oct. 1993 to Dec. 1994).

Question: Administrator Goldin, one of the goals of the NTTC is to improve this Nation's ability to compete internationally. Please provide for the record NASA's plans to integrate the NTTC into its broader strategic plans for competitiveness.

Answer: The NTTC performs an integral role within the national network of technology transfer centers created and sponsored by NASA in cooperation with other Federal agencies. This innovative national network, which is based on the NTTC and six Regional Technology Transfer Centers, is an important element of NASA's efforts to promote U.S. economic growth and industrial competitiveness. The national network, which involves a wide range of Federal agencies, Federal laboratories and State-level programs, serves as a market-driven means of facilitating government/industry technology partnerships and the transfer of Federally-funded technology to the marketplace.

The NTTC serves as the "hub" for the network providing core capabilities and services in several key areas. For example, the NTTC operates a national gateway service that assists U.S. firms to rapidly locate Federal laboratory technology and technology transfer assistance available within the national network. Other key NTTC activities include technology transfer training and education; outreach to industry to promote Federal technology transfer, and other initiatives to stimulate technology commercialization partnerships with Federal laboratories and improve Federal technology transfer processes.

In addition to the NTTC's role within the national network, NASA and the NTTC are currently working to further integrate the NTTC into NASA technology transfer efforts in two areas: (1) technology transfer training for NASA personnel, and (2)

improvement of the technology and related databases to enable rapid access to NASA technology, expertise and facilities available to U.S. industry. Joint NASA/NTTC projects planned in these areas will utilize and enhance the NTTC capabilities and strengthen NASA's performance in technology transfer.

Question: I am advised that the FY 1994 President's budget includes \$3.4 million for continued operation of the NTTC. Please provide for the record, a plan for the obligation of these funds, including goals, objectives and work-years of employment.

Answer: The NTTC's primary emphasis for FY 1994 will be to continue to develop and improve core capabilities, services, and activities in support of NASA and federal technology transfer as discussed above. For example, the NTTC gateway service is expected to achieve a higher volume of service to industry and further improve the quality and cost-efficiency of the service. Also, the NTTC will launch technology training courses and services for industry and government in addition to the training projects underway and planned with the U.S. Navy, EPA, and NASA. In addition, a key objective for the NTTC in FY 1994 is to establish additional projects and activities with federal agencies that enhance the NTTC's mission capabilities and support agency technology transfer objectives.

In FY 1994, the budgeted requirement is \$3.4 million, supporting the continued development and operation of the NTTC, including its staff of 40 full-time employees and additional support from part-time staff and contractors.

Classroom of the Future

Administrator Goldin, the Senate and Conference reports accompanying the FY 1991 VA-HUD Appropriations bill included my amendment in the amount of \$4 million for construction of the Classroom of the Future (COTF). These funds are to be used to design and construct a building to house the Classroom of the Future software program for space science technology. More specifically, the facility will support the development and testing of new computer software-based instructional technology in mathematics, science and aerospace technology for use by teachers and their students.

In FY 1992, I secured an amendment in the amount of \$6 million to provide a total of \$10 million for construction of the Classroom of the Future. The \$10 million facility will include state-of-the-art equipment envisioned by NASA and the integration of the facility with the rest of the campus.

A grant in the amount of \$4 million was awarded to Wheeling Jesuit College by NASA, for design and construction of the Classroom of the Future facility on April 25, 1991.

An initial amount of \$350,000 of the \$4 million has been made available to Wheeling Jesuit College for the purpose of designing the proposed facility.

On October 23, 1992, I wrote to you asking for a status report, including significant milestone events, leading to full implementation of the Classroom of the Future. Your response on February 8, 1993, indicates that the current schedule is as follows:

Facilities Grant Signed	April 25, 1991
Facility Design Review (50%)	January 9, 1991
Revised WJC Facility Proposal	February 14, 1992
Facility Bids Opened	September 11, 1992
Redesign of Facility to Reduce Cost 25%	October 1992
Redesign Complete	January 8, 1993
Facility Bids Opened	February 19, 1993
Construction Starts	March 15, 1993
Construction Completed	September 1994
Activation Complete	December 1994

Question: Administrator Goldin, please update for the record the status of the Classroom of the Future according to the milestone plan. May I have your assurances that every effort will be made to keep this project on its current schedule?

Administrator Goldin, one of the goals of the COTF is to improve this Nation's ability to compete internationally. Of course, innovative education programs are critical to meeting that end. Please provide for the record NASA's plans to integrate the COTF into its broader strategic plans for competitiveness and education activities.

I am advised that the FY 1994 President's Budget includes sufficient carryover funds for operation of the Classroom of the Future in FY 1994. Please provide for the record, a plan for the obligation of the funds, including goals, objectives and man-years of employment.

Answer 2: The milestone schedule for construction of the Classroom of the Future (COTF) facility is proceeding according to plan. The official ceremonial groundbreaking for the facility occurred on September 3, 1993.

The Classroom of the Future effort at Wheeling Jesuit College continues to be a key element in planning the educational technology component of NASA's Education program. The building under construction will continue a research and development facility to support NASA's efforts in translating NASA technology developments into technology and software tools which are beneficial to the education community. The NASA Strategic Plan for Education highlights Education Technology as a key priority. This Education Technologies program will encompass efforts in the development of educational programs based on advanced communications technologies, and the Classroom of the Future will provide a facility where technologies for aerospace education can be developed, implemented and evaluated, and where preservice and inservice education programs can be transmitted to schools and teachers nationwide.

NASA has been pleased with the progress made by the Classroom of the Future. NASA is committed to working with the faculty of Wheeling Jesuit College to ensure that the current schedule of progress is maintained. In FY 1993, \$2.8 million was appropriated to NASA for the Classroom of the Future. This funding will support approximately 20 full-time staff positions at the COTF through December 31, 1994. These personnel will continue to implement pilot projects initiated by NASA which will enable the COTF to develop an experience base in educational technology and demonstrate an ability to perform and produce quality education materials.

AdaNET

Administrator Goldin, the AdaNET program is designed to provide for the transfer of software to the commercial sector in order to stimulate the reuse of software applications into manufacturing, automation and robotics sectors. This program also helps to avoid duplication of software and program efforts by Government and industry.

The FY 1988 VA-HUD Appropriations bill included, with my support, the full budget request of \$1.3 million.

The FY 1989 VA-HUD Appropriations bill included, with my support, the full budget request of \$2.3 million.

The FY 1990 VA-HUD Appropriations bill included, with my support, the full budget request of \$3 million.

In the FY 1991 VA-HUD Appropriations bill, I secured an amendment in the amount of \$1,000,000 over the budget request of \$3,000,000, to provide a total of \$4 million.

In the FY 1992 VA-HUD Appropriations bill, I secured an amendment in the amount of \$2,000,000 over the budget request of \$2,000,000, to provide a total of \$4 million.

Question: On October 23, 1992, I wrote to you, requesting that you provide me with a status report on this and other NASA projects in West Virginia. Your response on February 8, 1993, indicated that the AdaNET Service Version 3 (ASV3) was installed in a new West Virginia facility. How is the new facility working out? You also indicated that the ASV3 offers users substantially higher performance and supports a variety of user interfaces. The system makes it easier to retrieve components through its enhanced classification capabilities and flexible search methods. Further, ASV3 is less costly to maintain than the system it replaces.

Answer: The AdaNET Service Version 2 (ASV2) was successfully transitioned and upgraded to ASV3 during 1992-93 and installed, as reported previously, at the MountainNet Facility in Morgantown, West Virginia earlier this year. The AdaNET facility is working quite effectively in response to current customer demands and technical needs. The ASV3 upgrade has enabled higher levels of repository management, customer support and technical integration. The baseline ASV3 configuration, however, will continue to be tailored and enhanced in order to address customer requirements in the future.

Question: Administrator Goldin, I am concerned that the FY 1994 President's Budget did not include any funding for AdaNET. Based on last year's Congressional testimony by NASA, it appears that NASA made a commitment to fund AdaNET beyond 1996. On May 10, 1993, I wrote to the NASA Associate Administrator for Congressional Affairs, bringing this apparent oversight to his attention. I suggested that this oversight might be rectified through a budget amendment in the amount of \$2.2 million to the FY 1994 budget. I am still awaiting a reply to this matter. Administrator Goldin, may I have your assurances that this project will be kept on the schedule of funding outlined in last year's testimony?

Answer: In preparing the FY 1994 budget request, we restructured the AdaNET program with two objectives: (1) to continue developing a reusable software library-repository and distribution center in Morgantown, West Virginia, and (2) to refocus our software re-engineering effort into a well defined pilot project that would test our reusable software concept on actual users. We had anticipated effectively reaching both objectives during FY 1993, but this has not been the case. The President's FY 1994 Budget Amendment for NASA included a request of \$1.2 million for the AdaNET program. In addition, we hope to reallocate \$1 million within Technology Transfer in FY 1994 to support the program at \$2.2 million. We plan to phase out funding for the software re-engineering effort beginning in 1995 as it becomes supported by the users themselves. We believe this course of action is a viable one which we will continue to pursue over the next year. On the repository issue, we will be working closely with MountainNet to establish firm milestones for achieving self-sufficiency.

Independent Verification and Validation (IV&V)

Question: Administrator Goldin, for the record, please provide the current status of this project and a list of the significant milestone events leading to its completion.

Answer: Using the \$6 million appropriated as part of the FY 1993 funding in the Research and Development program, NASA intends to begin operations at the NASA Software Independent Verification and Validation (IV&V) Facility in Fairmont, West Virginia, and to complete work on the facility. This facility will provide NASA with the capability to conduct a number of important operations in support of major agency, primarily the Earth Observing System (EOS) program.

One of the major efforts underway during FY 1993 has been the Request for Proposals (RFP) for the EOS IV&V activities. The closing date for submission of proposals was July 26, 1993. We are currently evaluating the proposals which were submitted, and we plan to make a contract award in early 1994. The IV&V effort will allow the independent testing of all software needed to support the EOS ground system. In addition, we will be conducting a portion of the activities needed to support the EOS Data Operations System (EDOS) from the Fairmont facility. EDOS is the critical network link in the EOS ground system that processes and archives the basic data returned from the spacecraft. We released the EDOS Request for Proposals (RFP) in January 1993, with a contract expected in March 1994.

From the beginning of this process, we have sought the assistance and participation of West Virginia University in the planning for the project and the facility. In November 1992, the EOS Data and Information System (EOSDIS) Project Office at the Goddard Space Flight Center awarded a grant to the University for \$1.65 million over three years to help develop and evaluate methods and procedures that the EOS program will use in IV&V activities. Officials from NASA's Office of Mission to Planet Earth are continuing to work closely with university officials on these tasks and on defining how best to utilize FY 1993 funding.

We are also moving into the final stages of work on the facility which will be used for IV&V and related activities. The construction of the facility, which was started in July 1992, is scheduled for completion by October 1993. It is likely that some of the funds budgeted for FY 1993 will be used to provide initial resources to outfit the building. NASA's Office of Safety and Mission Quality is responsible for the construction of the facility and for its management upon completion.

The most recent schedule for the facility:

Facility Groundbreaking	July 1992
Facility Construction Complete	September 1993
Beneficial Occupancy Date	October 1993

Question : The Conference Report (House Report 102-902) accompanying the FY 1993 VA-HUD Appropriations bill indicated that \$6 million was to be used for independent verification and validation activities.

Answer: As we noted in last year's response, the FY 1993 President's budget included an estimated \$3.5 million for EOS-related IV&V activities in FY 1993. The final budget for FY 1993, as approved by the Congress, provided \$6 million for IV&V activities, but earmarked these funds against the Research and Analysis (R&A) account. In NASA planning, funds for IV&V activities are included in the EOSDIS budget line. We are in the process of developing more precise estimates for the activities to be supported by the FY 1993 funds.

The FY 1994 President's budget includes \$5.4 million for EOS IV&V activities, which closely reflects our estimate of FY 1994 spending made as part of the President's FY 1993 budget. The FY 1994 funds will be used primarily to support start-up funding of the selected EOS IV&V contractor as well as provide continued funding of the IV&V grant to West Virginia University. In addition, \$2.0 million is included in NASA's Safety, Reliability, and Quality Assurance (SR&QA) budget for the IV&V facility, for a total NASA request of \$7.4 million.

QUESTIONS SUBMITTED BY SENATOR MACK

Question 1: It is my understanding that NASA has designated Florida Atlantic University (FAU) as the Center for HDTV (high definition television) research and development. Is that true?

Answer 1: NASA has no designated "Center for HDTV research and coordination."

However, NASA established in FY 1992, through a grant, a Center for the Commercial Development of Space (CCDS) at FAU in space communications as part of the Commercial Use of Space Program. With industry as its partner, the FAU CCDS addresses problems relating to digital transmission of video and audio data by satellite. Transmission of video information is currently accomplished using analog technology. An objective of the CCDS/industry partnership is to facilitate conversion of satellite communications from analog to digital technology. Encoding and decoding are technology targets.

FAU also is under a cost-sharing contract with the NASA Headquarters Office of Public Affairs for "research and development in advanced video systems for space and Earth-based applications." The work under this contract has been in compression algorithms for digital video images, based on the performance of the human visual system. This technology is applicable to both standard television and HDTV. The contract was awarded in 1990 and funded through FY 1992. Since that time, the contract has remained open under a series of no-cost extensions; the current extension will expire on November 15, 1993.

The FAU CCDS grant and the FAU contract with the Office of Public Affairs are formally unrelated. However, FAU has utilized output of the development work under the Public Affairs contract in its CCDS efforts with industry.

Given the maturing state of HDTV technology, the Administrator, earlier this year, directed that NASA conduct an HDTV requirements analysis; on June 1, the Administrator directed that the NASA Johnson Space Center assume the lead Center role for NASA HDTV implementation. A working group has been charged with development of a transition plan for HDTV implementation, and making recommendations to the Administrator concerning existing contractual relationships. At this time, NASA has not yet made a determination relative to the disposition of the FAU HDTV contract.

Question 2: I further understand this NASA program has been funded at approximately \$850,000 annually; is this the case and has NASA obligated this amount?

Answer 2: As indicated in the previous response, FAU was awarded a cost-sharing contract by NASA Headquarters Office of Public Affairs in 1990. The contract award, for "research and development in advanced video systems for space and Earth-based applications," was for one basic year with four one-year priced options. Total value of the NASA share of the contract, if all options were exercised, would be approximately \$3 million. NASA funded this contract through FY 1992, at approximately \$250,000 annually. To date, NASA has chosen not to exercise any of the three remaining one-year options. NASA has identified no funding for this effort in its FY 1993 budget or FY 1994 budget request.

NASA has funded the FAU CCDS grant at approximately \$1 million annually beginning in FY 1992. The FY 1994 budget request includes approximately \$900,000 for the FAU CCDS.

Question 3: As I am told that a final format for HDTV has been agreed upon, would it not make sense to continue the designation of a center and to provide funding to insure compatibility with the new standards?

Answer 3: The current FCC schedule for final selection of HDTV standards has slipped to no earlier than the end of 1994.

Given the maturing state of HDTV technology, the Administrator, earlier this year, directed that NASA conduct an HDTV requirements analysis; on June 1, the Administrator directed that the NASA Johnson Space Center assume a lead-Center role for HDTV implementation. A working group has been charged with development of a transition plan for HDTV implementation, and making recommendations to the Administrator concerning existing contractual relationships. At this time, NASA has not yet made a determination relative to disposition of the FAU contract with the NASA Headquarters of Public Affairs; the contract currently remains open under a no-cost arrangement through November 15, 1993.

CONCLUSION OF HEARINGS

Senator MIKULSKI. That concludes the hearings. The subcommittee will recess and reconvene, subject to the call of the Chair.

[Whereupon, at 12:50 p.m., Thursday, June 10, the hearings were concluded and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

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